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Records of the
U.S. Department of State
Relating to
Internal Affairs of
Brazil,
1960-1963

Records of the U.S. Department of State
Relating to Internal Affairs of Brazil, 1960-1963

Department of State Decimal Files 732, 832, and 932

PUBLISHER'S NOTE

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ACKNOWLEDGMENT

This publication is produced with the cooperation of the National Archives and Records Administration.

Sheet1

| INTERNAL AFFAIRS BRAZIL, 1960-1963 | |
|------------------------------------|--|
| Roll No. | Roll Contents |
| Roll 1 | 732.00/1-160-732.00/9-1960 |
| Roll 2 | 732.99/9-2060-732.00/7-2861 |
| Roll 3 | 732.00/8-161-732.00/5-1262 |
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| Roll 5 | 732.00/9-2062-732.00/5-561 |
| Roll 6 | 732.00/5-1261-732.13/5-3162 |
| Roll 7 | 732.13/56-262-732.563/8-362 |
| Roll 8 | 732.563/8-1662-832.00/10-1060 |
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| Roll 10 | 832.00/10-1361-832.00/10-962 |
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| Roll 12 | 832.05111/2-1061-832.062/8-3160 (and: 832.05156/2-2260-832.10/4-2960) |
| Roll 13 | 832.062/9-160-832.10/2-2161 |
| Roll 14 | 832.10/2-2361-832.10/7-1162 |
| Roll 15 | 832.10/7-1262-832.131/1-1961 |
| Roll 16 | 832.131/1-2661-832.16/3-2262 |
| Roll 17 | 832.16/4-662-832.245/1-2263 |
| Roll 18 | 832.25/1-1460-832.2614/7-1862 |
| Roll 19 | 832.2614/7-2662-832.424/9-1062 |
| Roll 20 | 832.424/9-2662-932.30/2-2862 |
| Roll 21 | 932.30/3-162-932.84/4-1962 |

NUMERICAL-SUBJECT LISTING OF DOCUMENTS
IN CLASSES 7, 8, AND 9

CLASS 7

INTERNAL POLITICAL AND NATIONAL DEFENSE AFFAIRS

- 7**00 Political affairs and conditions, Elections, Political parties and groups, Political refugees, Defectors, Amnesty, Revolutions, riots, disturbances, Civil war
- | | | |
|------|-----------------------|---|
| .001 | Communism, Bolshevism | } For espionage, and subversive activities, see 7**52## |
| .002 | Fascism, Nazism | |
| .003 | Socialism | |
- .01 Agents (other than diplomatic or consular)
- .01## In country ##
- .011## Immunities, privileges, exemption from taxation, etc. (in country##)
- .02 Government, Recognition
- .02A Advisors
- .021 Mandates, Trusteeships
- .022 Territory (including territorial waters, continental shelf), Geographical names,
- Maps, Aerial photography
- .0221 Territory occupied by foreign military forces
- .03 Constitution
- .04 Flag
- .041## Misuse of flag, insults and indignities to flag of country ** by nationals of country ##
- .05 Seal, Coat of arms
- .06 National anthem
- .07 Political rights, Suffrage, Freedom of speech, Human rights
- .08 Citizenship. For U.S. citizenship, see 130
- .081 Passports, Certificates of identity. For U.S. passports, see 130
- 7**10 Executive branch of government. For U.S., see Class 1
- .11 Chief executive, President, King, Regent, Governor-General (including family)
- .111 Governors of states and districts
- .12 Vice president
- .13 Cabinet, Ministry (including Foreign Office, and all other government agencies)
- .14 Civil service, Salaries, Retirement

7**20 Legislative branch of government

.21 Proceedings, Debates, Messages to legislative body

7**30 Judicial branch of government

.31 National courts, Personnel, Rules

.311 Attorneys, Practice of law

.32 Proceedings, Judgments

.33 Jurisdiction

.331 Process issued for service abroad

.332 Rights of aliens to sue in national courts

.333 Absconding defendants and witnesses

.34 Laws, Statutes, Ordinances, Decrees, Acts, Codes

.341 Criminal

.342 Civil. For marriage and divorce, see 8**4141

.343 Commercial

.344 Probate

.345 Bankruptcy

.346 Admiralty jurisdiction

.35 Procurement of evidence

.35## Procurement of evidence from country ## for use in country **

.36 Effect of judgments and decrees

.36## Effect of judgments and decrees of courts of country ## in country **

.37 Other judicial matters

.371 Authority to administer oaths

.372 Requirement of country regarding authentication of documents for use therein

7**40 Mixed (international) courts

7**50 National defense affairs, Army, Navy and Air (general)

.51 Fortifications, Defenses

.52 Intelligence activities, Subversive activities

.521 Biographical data (** nationality of individual)

.52## Intelligence activities, espionage, of country ** in country ##. For Communist activities, see 7**001. Classify under individual cases where possible

.53 Military and naval courts, Law

.54 Maneuvers, Target practice, Troop movements (use 7**54 if within territorial limits of country **)

.54## Movements of, and attacks upon, naval vessels and military and naval aircraft of country ## within territorial jurisdiction of country **, Overflights

.55 Organization

.551 Personnel (effectives), Commissioned and enlisted

.5511 Enlistment, Conscription, Draft, Discharge, Desertion

7** .5512 Pay, Subsistence, Retirement, Pensions
 .552 Marine Corps
 .553 Schools and academics
 .553## Admission of nationals of country ## for visit or study (includes admission for
 observation to war industries, airplane plants, etc.)
 .554 Auxiliary services, WACS, WAVES, WRENS, etc.

 .56 Equipment and supplies
 .561 Armaments, ordnance, arsenals, armories, tanks, trench mortars, flame throwers.
 For governmental control of arms traffic, see 4** ##8
 .5611 Atomic bombs, Hydrogen bombs
 .5612 Guided missiles, supersonic weapons, rockets
 .5613 Poison gases, bacteriologicals, chemicals. For illegal or inhuman warfare, see
 6** ##26
 .5614 Small arms, bombs, grenades, rifles
 .5615 Helium
 .562 Ships, vessels and aircraft (including construction, etc.)
 .5621 Battleships, cruisers, destroyers, other naval vessels (all types) (includes
 construction, purchase and sale, accidents etc.) For international negotiations,
 treaties, etc., in limitation of armaments, see 6** ##12
 .5622 Aircraft, bombers, fighters, gliders, jet-propelled aircraft, all types of military
 or naval aircraft (includes construction, purchase, sale, accidents, etc.)
 .563 Bases and posts
 .563## Country in which located ## (includes air, land, and sea bases, landing fields,
 fueling stations of any type, navy yards, drydocks, etc.)
 .564 Uniforms, Clothing, Insignia
 .564## Exchange of uniforms with country ##, smaller country number
 .5641 Unauthorized wearing of uniforms of country **

 .57 Hospitals, Rest centers, Recreation centers, Commissaries, Post exchanges

 .58 Missions (** country in which located)
 .58## Visits, etc., of military, naval, or air force personnel and/or equipment of
 country ** to country ##. For admission of foreigners to study in or visit military,
 naval and air force schools and academies, see 7** .553##
 .581 Entrance of naval vessels into the Great Lakes (** nationality of visiting naval
 forces)

 .59 Civil defenses, Civilian (non-military) defense organizations, measures (Air-raid
 wardens, fire wardens, blackout measures, air-raid shelters; Protection against atomic
 bomb attacks)

 7** .60 Stockpiling
 .61 Rubber (natural and synthetic)
 .62 Petroleum
 .63 Minerals
 .64 Drugs (all types of pharmaceuticals, etc.)
 .65 Fibers
 .69 Other commodities not listed above

CLASS 8

INTERNAL ECONOMIC, INDUSTRIAL, AND SOCIAL AFFAIRS

- 8**.00 Economic matters, Conditions (general)
 - .00A Economic adviser
 - .001 Statistics (general)
 - .002 Conservation of natural resources. Classify subjectively when possible
- .01 Cost of living, Retail prices, Black markets (general). Classify subjectively when possible
- .02 Housing, Rents, Building construction (includes commercial and industrial housing)
 - .021 City and country planning, Elimination of congested and slum areas, "Blighted" areas
- .03 Food, Food conditions, Refrigeration, Food shortage, Rationing, Black markets, Hoarding
- .04 Fuel, Fuel conditions, Fuel shortage (includes coal, wood, peat, oil, coke), Black markets
- .05 Capital
 - .051## Investment of, or field for investment of, capital of country ** in country ##
 - .052 Cooperative systems, Rural credits
 - .053 Corporations, "Big" business (formulation, regulation, bond issues, stock certificates)
 - .054 Combinations in restraint of trade, Monopolies, Cartels, Trusts, Contracts. Classify subjectively when possible with XR to 8** .054
 - .055 Domestic trade conditions, Retail trade
- .06 Labor, Labor conditions (general)
 - .061 Hours, Wages (for pensions, see 8** .07), Unemployment insurance and compensation
 - .062 Organizations, Unions, Relations with employers, Strikes, Lockouts, Slowdowns
 - .063 Female labor, Child labor
 - .064 Compulsory labor, Slave labor
 - .065 Hazardous employment, Accidents, Prevention of accidents
 - .0651 Employer's liability. For pensions, see 8** .07
- .07 Pensions. For military pensions, see 7** .5512
 - .071 Industrial
 - .072 Old-age (social insurance)
- .08 Insurance. For "social" insurance, see 8** .072
 - .081 Life
 - .082 Fire
 - .083 Accident (includes all types of accidents)
 - .084 Automobile
 - .085 Health
 - .086 Marine (includes war risk insurance)
 - .087 Aviation
- 8** .10 Financial matters (general), Budget, Debt, Bond issues, Loans, Public securities, Balance of payments. For war-time regulations, see 6** ##231
 - .10A Financial adviser

8**.11 Taxation
 .111 Land, Realty
 .112 Income. For double taxation treaties, see 6**.#921
 .113 Personal property
 .114 Inheritance

 .12 Lotteries

 .13 Monetary system, Coinage, Currency, Bullion, Mint
 .131 Foreign exchange, Exchange rates
 .132 Currency of revolutionary governments
 .133 Counterfeit, Counterfeiting (** country whose currency is counterfeited)

 .14 Banks, Banking. For war-time measures, see 6**.#231
 .14## Branch banks of country ** in country ##
 .141 Interest, Discount

 .15 Exchanges, Commodity exchanges. For currency exchange, see 8**.#131
 .151 Stock
 .152 Cotton
 .153 Wool
 .154 Livestock
 .155 Grain
 .156 Produce
 .157 Coffee
 .158 Sugar
 .159 Other exchanges

 .16 Lands
 .16## Rights of nationals of country ## to hold or acquire real property in country **
 .161## Colonization in country **

 .17 Intellectual and industrial property (see also 6**.#233) (** indicate country in which
 protection is sought). For treaties, see 6**.#95
 .171 Patents
 .172 Trade-marks, Trade names
 .173 Copyrights

 .18 Immigration, Emigration. For immigration to the United States, see 150
 .18## Immigration to country ** from country ##
 .181 Residence, trade and travel of aliens in **, Foreign visas, Tourism, Foreign exit
 permits

 .19 Industrial matters, Nationalization. Classify subjectively when possible. For
 monopolies, concessions, franchises, contracts, etc., see 8**.#54
 .1901 Atomic energy peaceful purposes. Classify subjectively when possible
 .191 Expositions, Exhibitions, Fairs (see also 4**.#174 and 5**.#2)

 8**.#20 Agriculture
 .20A Agricultural adviser
 .201 Agricultural clubs (4-H, etc.)

 .21 Soil, Properties, Tillage
 .211 Soil conservation; Drainage, reclamation, irrigation; Irrigation dams; "Dry
 farming," Fertilization

8**22

Pests affecting plant life, Diseases, Blights, Insects, Methods of combating. For regulations governing importation of plants, etc., see Class 4

- .23 Field crops
- .231 Grains
 - .2311 Wheat
 - .2312 Buckwheat
 - .2313 Oats
 - .2314 Rye
 - .2315 Corn
 - .2316 Barley
 - .2317 Rice
 - .2318 Hops
 - .2319 Other field crops
- .232 Fibers
 - .2321 Cotton
 - .2322 Hemp, Sunn
 - .2323 Flax
 - .2324 Jute
 - .2325 Ramie
 - .2326 Sisal, Cabuya
 - .2327 Abaca
 - .2328 Kapok
- .233 Alkaloidal plants
 - .2331 Tobacco
 - .2332 Tea
 - .2333 Coffee
 - .2334 Cocoa, Cacao
 - .2335 Vanilla
 - .2336 Medicinal herbs, Ipecac
- .234 Forage crops
 - .2341 Grasses
 - .2342 Alfalfa
 - .2343 Clovers
 - .2344 Cowpeas
 - .2345 Soya beans
 - .2346 Vetches
- .235 Sugar-yielding plants
 - .2351 Cane
 - .2352 Sugar beet
- .236 Garden crops (vegetables, such as Lettuce, Tomatoes, Potatoes, Pepper, Nutmeg, Spices, Pulses, Dandelion, etc.)
- .237 Fruits
 - .2371 Citrus fruits
 - .2372 Berries, Currants
 - .2373 Grapes, Raisins
 - .2374 Figs
 - .2375 Olives
 - .2376 Bananas, Plantains
 - .2377 Nuts, Coconuts (Copra), Palm kernels
 - .2378 Other fruits, Apples, Apricots, Cherries, Dates, Nectarines, Peaches, Pears, Persimmons, Pineapples, Plums, Quinces
- .238 Flowers, Bulbs

8** .239 Trees. For manufactures of wood products, see 8** .3 and 8** .391
 .2391 Forestry, Fires, Fire prevention, Reforestation
 .2392 Lumbering, Timber cutting
 .2393 Barks, Cork, Cinchona
 .2394 Saps, Resins, Gums, Turpentine, Naval stores
 .2395 Rubber (includes all natural rubber). For manufactures of rubber products and synthetic rubber, see 8** .324

.24 Animal husbandry
 .241 Practice of veterinary medicine, Outbreak or incidence of animal diseases where no question of exportation is involved
 Domestic animals
 .242 Beasts of burden
 .2421 Stock raising
 .2422 Cattle
 .24221 Sheep
 .24222 Swine
 .24223 Poultry, Eggs
 .24224 Ostriches, Ostrich farming
 .24225 Dairying, Milk, Cream
 .2423 Bee culture, Honey
 .2424 Silk culture, Sericulture
 .2425 Wild animals, Game laws
 .243 Hunting and trapping industry
 .2431 Birds
 .2432 Fur seals. For treaties, see 6** .##7
 .244 Fisheries (including sponge fisheries). For treaties, see 6** .##6
 .245 Other products of the sea, Pearls, Pearl fishing
 .2451 Whaling. For treaties, see 6** .##8
 .246

.25 Mines, Mining
 .251 Laws, Regulations
 .252 Accidents, Prevention
 .253 Precious metals and precious stones
 .2531 Gold
 .2532 Silver
 .2533 Platinum
 .2534 Radium
 .2535 Diamonds
 .2536 Other precious metals and stones
 .254 Base metals
 .2541 Iron
 .2542 Copper
 .2543 Lead
 .2544 Tin
 .2545 Zinc
 .2546 Uranium, Other atomic minerals
 .2547 Other base metals (chromium)
 .255 Carbon, Graphite. For fuel conditions, see 8** .04
 .2551 Peat, Lignite
 .2552 Coal
 .2553 Petroleum, Oil
 .2554 Natural gas
 .2555 Helium

| | | |
|-----|-------|---|
| 8** | 256 | Other mining products |
| | .2561 | Salt |
| | .2562 | Sulphur |
| | .2563 | Potash |
| | .2564 | Sodium nitrate, Saltpeter |
| | .2565 | Asphalt |
| | .2566 | Lime and cement |
| | .2567 | Phosphates |
| | .2568 | Asbestos |
| | .2569 | Bauxite |
| | .257 | Quarries, Quarrying |
| | .26 | Engineering, Architecture. For housing, see 8**. |
| | .261 | Public works, Public construction. For harbors, docks, and ports, see 9**. |
| | .2611 | Buildings, Markets, Market places |
| | .2612 | Roads, Highways, Bridges. For railroads, see 9**. |
| | .2613 | Parks, Playgrounds |
| | .2614 | Public utilities, Electricity, Water, Gas, Power dams |
| | .2615 | Sewerage, Disposal plants |
| 8** | .30 | Manufactures, Manufacturing |
| | .31 | Foods |
| | .311 | Meat and slaughterhouse products, Meat packing |
| | .312 | Dairy, fish, fowl and game products, Ice cream. For milk, cream, and eggs, see 8**. |
| | | 2423 and 8**. |
| | | 2424 respectively |
| | .313 | Grain products and preparations, Flour, Cereals |
| | .314 | Nut products and preparations |
| | .315 | Vegetable and fruit products and preparations |
| | .316 | Beverages and beverage materials, alcoholic and non-alcoholic |
| | | Breweries, distilleries. For liquor traffic, see 8**. |
| | | 531 |
| | .317 | Spices, Condiments, Flavorings, Leavening products, Extracts |
| | .318 | Sugar and related products, Candy. For honey, see 8**. |
| | | 2424 |
| | .319 | Animal, fish and vegetable oils and fats, <i>edible</i> |
| | .32 | Animal and vegetable products, <i>inedible</i> |
| | .321 | Hides, Skins, Furs, Feathers. For trapping industry, see 8**. |
| | | 2431; for |
| | | manufacture of wearing apparel, see 8**. |
| | | 351 |
| | .322 | Leather and leather goods. For shoes, see 8**. |
| | | 3511 |
| | .323 | Tobacco manufactures |
| | .324 | Rubber manufactures, including synthetic. For wearing apparel, see 8**. |
| | | 351 |
| | .325 | Animal, fish and vegetable oils, fats and greases, <i>inedible</i> . For medicinal oils, see 8**. |
| | | 3971 |
| | .3251 | Tung oil, Palm oil |
| | .326 | Miscellaneous animal products, <i>inedible</i> |
| | .327 | Miscellaneous vegetable products, <i>inedible</i> |
| | .328 | Cork and cork products |
| | .33 | Iron and steel and related industries, Building and paving materials and equipment |
| | .331 | Iron and steel, Steel mill products |
| | .3311 | Heavy machinery. For transportation and construction equipment, see 8**. |
| | | 333 |
| | | and 8**. |
| | | 334 |
| | .3312 | Light machinery, including agricultural and dairy. For household and office appliances, see 8**. |
| | | 343 |
| | .3313 | Foundry and machine shop products not otherwise classifiable |

8**3314 Scrap metal
 .332 Building and paving materials (all types, metal, wood, glass, etc.)
 .333 Transportation equipment (all types)
 .3331 Automobiles, Trucks, Buses, Motorcycles
 .3332 Railroad, Locomotives, Cars, Signalling devices
 .3333 Aircraft. For military aircraft construction, see 7**5622
 .3334 Shipbuilding (all types, sizes, except naval). For construction of naval vessels, see 7**5621
 .334 Construction equipment (all types)
 .335 Communications equipment (all types)

 .34 Household, office and school furnishings and supplies. For silverware, see 8**38; for glass and chinaware, see 8**3931
 .341 Furniture. For antiques, see 8**38
 .342 Floor coverings, rugs, carpets, linoleum, etc.
 .343 Appliances (all types), Electrical and gas appliances
 .344 Draperies, Curtains, Shades, Blinds, Venetian Blinds, Awnings
 .345 Household linens, Beddings, Mattresses, Pillows, Cushions
 .346 Other household, office and school furnishings and supplies
 .3461 Kitchenware, Pots and pans
 .347 Office machines, Adding machines, Calculators, Typewriters

 .35 Clothing, Textile industry
 .351 Wearing apparel (men's, women's, children's and infants')
 .3511 Shoes, all kinds
 .3512 Hats
 .3513 Accessories
 .352 Cotton manufactures, Thread, Piece goods
 .353 Linen manufactures, Thread, Piece goods
 .354 Wool manufactures, Thread, Piece goods
 .355 Silk manufactures, Thread, Piece goods
 .356 Hair manufactures. For beauticians' supplies, see 8**395
 .357 Jute, hemp, flax, coir yarn, reed and straw products, rope, burlap, baskets
 .358 Synthetic fibers, Nylon, Rayon

 .36 Sporting and athletic equipment, Recreational equipment, Toys and games, Musical supplies and equipment, Smokers' supplies, Theatrical supplies and equipment

 .37 Photographic apparatus and supplies, Artists' supplies, Paintings, Pictures, Cameras, Printers' supplies

 .38 Jewelry, Gold and silverware, Precious stones, Clocks and watches, Antiques. For mining of gold, silver, precious stones, etc., see 8**253

 .39 Other manufactures, Miscellaneous. For building and paving materials, see 8**352
 .391 Lumber, Wood products not otherwise classifiable
 .392 Paper, Paper products not otherwise classifiable
 Newsprint, Wood pulp
 .393 Manufactured non-metallic minerals not otherwise classifiable
 Marble, Lime and limestone, Asbestos, Slate. For mining, see 8**25
 .3931 Glass and clay products, Ceramics
 .3932 Fuels and petroleum products, Refinery products. For oil, wells, oil-drilling, etc., see 8**2553
 .394 Metal manufactures not otherwise classifiable, Aluminum, Copper, Brass, Bronze, Lead, Tin, Zinc. For manufacture of iron and steel, see 8**331

8**.45 Amusements, Sports, Recreation
 .451 Theaters, Stage, Operas, Museums, Carnivals, Concerts
 .452 Motion pictures
 .453 Sports, Athletics, Indoor amusements
 .4531 Olympic Games

 .46 Societies (including social organizations)
 .461 Better citizenship organizations
 .4611 YMCA, YWCA
 .4612 Boy Scouts, Girl Scouts, Camp Fire Girls
 .4613 Military and veterans organizations

 .47 Etiquette
 .471 Ceremonials
 .472 Precedence
 .473 Salutes
 .474## Ceremonial communications, New Year's greetings, Felicitation on national
 anniversaries, ## country sending felicitations

 .48 Entertainment in country **
 .481 By the country or its officials
 .482 Audience with the chief executive or sovereign
 .483 Presentation at Court
 .484 By private persons and societies
 .485 By resident officers of the United States
 .486## By resident officers of other foreign countries, ## nationality

 .49 Calamities, Disasters, Earthquakes, Tornadoes, Cyclones, Typhoons, Famines, Fire,
 Relief measures (see also 8**.03)

 8**.50 Public order, Safety and health, Charities
 .501 National and state police

 .51 Municipal government
 .511 Police organization
 .512 Protection against fire

 .52 Crime, Criminal organizations, Suspects

 .53 Traffic in narcotics
 .531 Liquors. For manufactures of liquors, see 8**.316

 .54 Sex relations, Prostitution, Procurement, White slave traffic
 .541 Traffic in obscene matters, literature, etc.

 .55 Public health, Diseases
 .551 Vital statistics, Birth, Marriage, Death
 .552 Disposal of the dead, Cemeteries, Cremation
 .556 Hygiene and sanitation, Quarantine against communicable diseases (home,
 school, vessels, aircraft)
 .557 Supervision of food and drugs. For food and drug regulations, international trade,
 see 4**.#51. Materia medica
 .558 Practice of medicine and surgery, dentistry, optometry, psychiatry, pharmacy,
 nursing, psychology

8** .56 Correction and punishment
 .561 Prisons, reformatories, jails, penal colonies, farms, etc.

 .57 Charities, Philanthropic organizations
 .571 Red Cross
 .572 Hospitals, Asylums
 .573 Salvation Army
 .574 Institutional homes, Almshouses, Orphanages
 .575 Soldiers' and sailors' homes (military and naval)
 .576 Seamens' homes (merchant marine)

CLASS 9

COMMUNICATIONS, TRANSPORTATION, AND SCIENCE

- 9**.00 Communications (general)
 - .01 Concessions, Contracts
 - .02 Laws and regulations
 - .03 Censorship
- 9**.10 Postal
 - .101 Concessions, Contracts
 - .102 Laws and regulations
 - .103 Censorship
 - .104 Rates, Postage (domestic and foreign)
 - .105 Fraudulent use of the mails. For traffic in obscene matters, see 8** .541
 - .11## Transportation of mail between country or area ** and ##. Use smaller number for **
 - .12 Parcel post
 - .12## International parcel post transportation
 - .13 Money orders (domestic and foreign)
 - .14 Postal savings banks
 - .15 Complaints against service
 - .151 Nondelivery, Delay, Misrouting
 - .152 Loss, Theft, Damage, Tampering with mail
- 9**.20 Telegraph, Cable
 - .201 Concessions, Contracts
 - .202 Laws and regulations
 - .203 Censorship
 - .204 Rates (domestic and foreign)
 - .21## Communication between country ** and country ##. Use smaller number for **
 - .22 Codes (commercial and governmental)
 - .25 Complaints against service
- 9**.30 Telephone
 - .301 Concessions, Contracts
 - .302 Laws and regulations
 - .303 Censorship
 - .304 Rates (domestic and foreign)
 - .31## Communication between country ** and country ##. Use smaller number for **
 - .35 Complaints against service

9** .40 Radio, Radio broadcasting, Radio-telegraph, Reception, Monitoring (see also 5** .##4)
 .401 Concessions, Contracts
 .402 Laws and regulations
 .403 Censorship

 .41## Communication between country or area ** and country or area ##. Use smaller
 number for **

 .42 Amateurs ("ham" operators)

 9** .50 Television, Facsimile transmission
 .501 Concessions, Contracts
 .502 Laws and regulations
 .503 Censorship

 .51## Communication between country or area ** and country or area ##. Use smaller
 number for **
 9** .60 Public press
 .61 Newspapers, Clippings, Items
 .62 Newsgathering agencies (including news broadcasting), Commentators
 .62## Newsgathering agencies (** nationality of newspaper or magazine and ## country or
 area of operations)
 .63 Magazines, Periodicals, Books, Book publishing
 .64 Censorship of newspapers, books, and other printed material

 9** .70 Transportation (land, air, and water)
 .701 Laws and regulations (general)

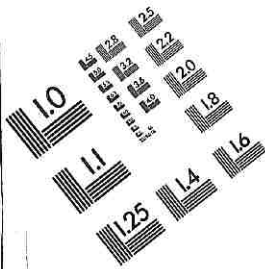
 .71 Land transportation
 .71## Land transportation between country or area ** and country or area ##. Use
 smaller number for **
 .711 Laws and regulations
 .712 Railroad, Railways, Rates, Demurrage, Accidents
 .712## Rail transportation between country or area ** and country or area ##. Use smaller
 number for **
 .713 Street railways, Subways, Buses, Taxicabs and other land transport, Accidents,
 Rates
 .714 Automobiles (privately owned and operated), Trucks, Motorcycles, Accidents,
 Rates

 .72 Air transportation (all types, non-military aircraft). For air transportation reservations,
 see 9** 72-RES
 .72## Air transportation between country or area ** and country or area ## (smaller
 country number for **) (includes regularly established airlines and non-scheduled
 flights, private flights [non-commercial], permission for flights). For movements
 of military aircraft, see 7** .58##
 .721 Laws and regulations (air pilot licenses)
 .722 Rates (domestic and foreign), Concessions, Contracts, Subsidies
 .723 Accidents (** nationality of plane), Repairs
 .724 Airports, Landing fields, Landing aids, Radar, Landing rights
 .725 Fueling

9** .726 Sale, Purchase (** indicates nationality of purchaser), Charter, Registration,
License, Libel
.727 Documentation and inspection, Cargo, Manifests, Bills of health, Entry and
clearance
.73 Water transportation, Merchant vessels, Merchant marine, Yachts (includes all water
transportation inland, coastwise or other). For water transportation reservations, see 9** .73-
RES
.73## Water transportation between country or area ** and country or area ## (includes
regularly scheduled steamship lines) (smaller country number for **)
.7301 Rivers, Canals, Flood prevention
.731 Laws and regulations
.732 Rates, Concessions, Contracts, Subsidies
.733 Accidents, Disabled wrecked or stranded vessels, Repairs (** indicates nationality
of vessel; use name of vessel)
.734 Harbors, Docks, Ports, Port facilities, Maintenance items and services available to
or rendered foreign vessels, Stevedoring
.735 Taxes on navigation, Tonnage, light, harbor and port dues, Other taxes
.736 Movements of vessels (** indicates registration of vessel)
.737 Fueling and provisioning (** indicates country fueling vessel)
.738 Documentation and inspection, Admeasurement, Cargo manifests, Bills of health,
Ship's papers, Entry and clearance
.739 Sale, Purchase (** indicates nationality of purchaser), Charter, Registration,
License, Libel. For construction of vessels, see 8** .3334. Use name of vessel
for "libel" only
.74 Navigation (land, air, and water), inland, coastwise and other
.741 Aids and menaces to navigation, Signalling devices, Radar, Radio beacons, Light
houses, Lightships. For "LORAN", see 900.741-LORAN
.75 Personnel, Crews, Seamen, Airmen
.751 Discipline, Insubordination, Mutiny, Illegal acts committed by the crew on vessels
and aircraft (ill treatment of seamen, desertion, abandonment). For seamen's
homes, see 8** .576
.753 Merchant marine schools and academies
.753## Admission of nationals of ## for visit or study
9** .80 Science (general)
.801 Research and development
.8011 Scientific institutions, Laboratories, Bodies
.8012 Scientific publications, Films
.8013 Scientific facilities and equipment
.8014 Utilization of scientific and technical personnel
.8015 Government's relation to science
.8016 Scientific training program
.81 Physical sciences
.811 Mathematics (arithmetic, algebra, geometry, trigonometry, calculus, differential
equations, graphs, statistics)
.812 Astronomy (theoretical and practical, celestial bodies, tables and atlases,
navigation)
.813 Physics, Rheology, Crystallography
.8131 General mechanics
.8132 Mechanics of fluids
.8133 Mechanics of gases

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|-----|--------|---|
| 9** | .8134 | Optics |
| | .8135 | Heat and Cold |
| | .8136 | Electricity and magnetism (gyroscopes) |
| | .8137 | Nuclear physics and nuclear chemistry, Cosmic rays, Heavy water |
| | .8138 | Atomic and molecular physics |
| | .8139 | Miscellaneous, Time, Calendar, Weights and measures |
| | .814 | Basic chemistry (analytical) |
| | .815 | Applied chemistry |
| | .8151 | Liquid fuels and lubricants |
| | .8152 | Resins, rubbers, plastics, auxiliary chemicals |
| | .8153 | Pharmaceuticals and antibiotics |
| | .8154 | High performance fuels (liquid monopropellants, solid propellants and explosives, bipropellants [fuels and oxidants], combustion and flame phenomena) |
| | .8155 | High temperature materials |
| | .8156 | Fats, fatty waxes, soap |
| | .8157 | Other industrial chemical products |
| | .81571 | Industrial explosives |
| | .81572 | Gases |
| | .81573 | Agricultural chemicals |
| | .81574 | Leather and glue |
| | .81575 | Inorganic NEC (potassium nitrate, sulfuric acid, etc.) |
| | .8158 | Chemical warfare |
| | .816 | Metallurgy |
| | .82 | Earth sciences. For travels, expeditions, and explorations, see 031.**## |
| | .821 | Geography |
| | .8211 | Geographical names |
| | .8212 | Mapping, map analysis, surveying |
| | .822 | Physical geography |
| | .823 | Geography of settlements |
| | .824 | Military geography |
| | .825 | Human geography |
| | .826 | Political geography |
| | .827 | Economic and commercial geography |
| | .828 | Geology |
| | .829 | Geophysics |
| | .8291 | Geodesy (size and shape of the earth, variation of gravity, etc.) |
| | .8292 | Geophysical prospecting for location of mineral resources |
| | .8293 | Hydrology (distribution of water, underground water sources, dams) |
| | .8294 | Meteorology |
| | .8295 | Oceanography, Oceanic organizations |
| | .8296 | Seismology |
| | .8297 | Terrestrial magnetism |
| | .8298 | Miscellaneous (vulcanology, tectonphysics, etc.) |
| | .83 | Natural sciences |
| | .831 | Biology |
| | .8311 | Biological warfare |
| | .832 | Botany |
| | .833 | Zoology |

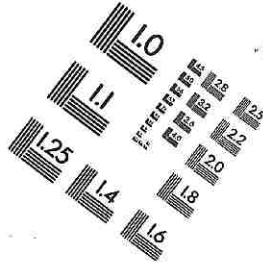
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| 9** | .84 | Medical sciences (dentistry and human reactions to environmental elements, etc.) |
| | .841 | Medical aspects of radiology, radioscopy, chemistry, and biology including warfare |
| | .85 | Electronics (communications devices, radar, sonar, etc.) |
| | .86 | Engineering |
| | .861 | Civil engineering |
| | .8611 | Sanitary and public health engineering |
| | .862 | Mechanical engineering |
| | .863 | Electrical engineering |
| | .864 | Mining engineering |
| | .865 | Ordinance engineering (propellants, pyrotechnics, etc.) |
| | .866 | Aeronautical engineering (supersonic, etc.) |
| | .867 | Engineering, Power plants |
| | .868 | Chemical engineering |
| | .89 | Other sciences, Philosophy |



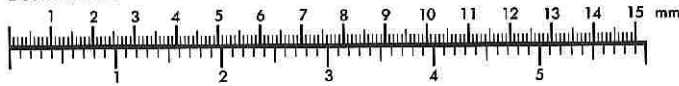
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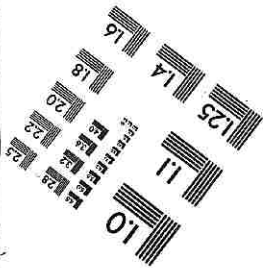
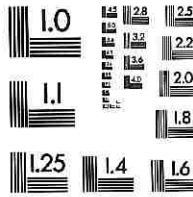
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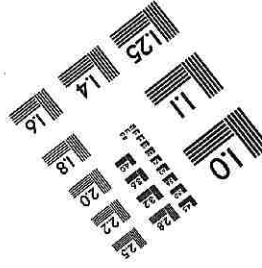
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FOREIGN SERVICE DESPATCH

FROM : AMCONSUL, Belo Horizonte, Brazil 29

TO : THE DEPARTMENT OF STATE, WASHINGTON. May 14, 1962 *Jm*

REF : -

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SUBJECT: POLITICAL SUMMARY FOR APRIL, 1962 - STATE OF MINAS GERAIS

Table of Contents

1. Repercussions of State Deputy's Murder
2. Political Activities of Governor Magalhães Pinto
3. Significance of Recent Political Shifts Among the Major State Parties

- - - -

1. Repercussions of State Deputy's Murder

On the night of April 14, Social Democratic Party (PSD) State Deputy Nacip Baydan GOUTINHO was shot and killed as he was entering his home in Santa Maria do Suaçuí, a small city in eastern Minas Gerais. Although the assailant has not yet been identified, the incident is being exploited by Governor Magalhães Pinto's political opposition forces, which clearly imply that the assassination was the consequence of conditions the Administration deliberately created.

A PSD official note to the press charged that the people in the State of Minas Gerais were living in a climate of political oppression and fear and that guarantees of personal safety were entirely lacking. The note specifically blamed the State authorities for creating conditions of unrest and disorder which have resulted in the commission of political violence or worse with the certainty of impunity. These conditions, the

Pol. Section, Emb./Rio
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Brasilia Office

DEPARTMENT OF STATE
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MAY 24 1962

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REPORTER: EdeSilveiraskfk

FORM FS-439 GPO 912596 For Department Use Only - To be Filled In on Yellow Original ONLY

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| ACTION ASSIGNED TO: <u>ARA</u> | ACTION TAKEN: <u>no action</u> |
| NAME OF OFFICER: <u>EST/B-jww</u> | DATE OF ACTION: <u>5-28-62</u> |
| OFFICE SYMBOL: <u>EST/B-jww</u> | DIRECTIONS TO RM/R: <u>file</u> |



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From Belo Horizonte

note asserted, were responsible for the assassination of deputy Nacip Raydan. As evidence of the Administration's neglect in providing proper security measures, PSD leaders pointed to the fact that Santa Maria do Suaçuí had been left without a police delegate for six months prior to Raydan's assassination despite the victim's repeated statements that his life was being threatened.

Governor Magalhães Pinto replied immediately to the PSD charges, strongly condemning the PSD for its political exploitation of the assassination when all the evidence failed to indicate the existence of a political motivation. The Governor took the opportunity to reemphasize his favorite theme, that the opposition, by denying him its cooperation in the Legislative Assembly, was to blame for the acute financial crisis the State was suffering.

Comment: There is no evidence that Administration forces have had anything to do with the murder of deputy Raydan. Much to the contrary, the evidence points to a long-standing family feud, beginning with the assassination of his father some ten years ago, as the probable cause. It is said that Raydan/then sworn revenge, and that he had been responsible himself for the violent death of a number of people in Santa Maria do Suaçuí during the past several years, following the death of his father. The Governor was alluding to this background in his reply to the PSD note when he stated that the murder was related to "old and well known episodes."

Nevertheless, stories of political violence and threats in the interior of the State and of forced changes of political patronage by Administration local leaders are being told with increasing frequency. There are indications that at least some of the stories are true. One such indication was the visit to the Governor on April 24 of the PSD senator from Minas Gerais, Benedito - - VALADARES, who is also the president of the State section of the PSD. He was accompanied by two State deputies: Pio CANEDO, president of the current session of the Legislative Assembly; and Alvaro SALES, one of the alleged victims of political persecution. The purpose of his call, as reported in the newspapers, was to talk with the Governor about the absence of adequate security measures in the interior of the State for opponents of the Administration engaged in political activities and the alleged threats against lives of PSD politicians in the Vale do Rio Doce zone. This is the area where deputy Raydan was killed, and Senator Valadares is reported to have asked also about the progress made on identifying the deputy's assassin.

Another indication is the persistent belief that the present Secretary of Public Security, whose name has been connected with some of the political incidents, may have to leave the cabinet. He is one of the two or three cabinet members who did not have to resign to run for elective office in the coming elections and was supposed, therefore, to remain indefinitely as Secretary.

The Secretary of Public Security is not alone in being blamed for political wrongdoing. Other secretaries, particularly those of Finance and Education, are accused of the dismissal and transfer for political reasons of several hundreds of State employees.

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There are enough facts among the rumors, and enough difficulty to extricate fact from fancy, to create an atmosphere of increasing tension. It is clear that from now until election time, every incident or presumed wrong will be mercilessly exploited. There is also no indication as yet that the Governor, given his present militant mood, will do much to pacify the opposition.

2. Political Activities of Governor Magalhães Pinto

The scope of Governor Magalhães Pinto's political activities has extended throughout Minas Gerais at an ever-increasing pace and even reached other States. His apparent main objective has been to develop a general awareness of the critical need for basic reforms. As part and parcel of his tactics, he has kept up his attacks on the Federal Government and strongly advocated a "third" position for Brazil, a view that insofar as the Consulate is aware he had never before advanced in so emphatic a manner.

The wide range of the Governor's political views have led some people to question whether he has Presidential ambitions. His reply, if such it can be called, has been that Minas Gerais is a mirror of Brazil. Presumably for this reason, all problems that affect Brazil are of direct interest to him. During a press interview in Natal on April 5, he announced that he would be making frequent trips throughout the country to alert the people. On the same occasion he served notice that Minas Gerais was in a state of permanent opposition to the cabinet of Prime Minister Tancredo NEVES.

In his call for basic reforms, he listed four specific categories of reforms in the course of a speech he made on April 14. One was agrarian reform, which he classified as the most lasting type of reform and one that should be carried out in accord with local conditions. Another was the regulation of the remittance of profits abroad. This regulation should distinguish, he said, between capital that enters Brazil only for the purpose of exploiting the country's resources and capital that has for its purpose the wholehearted collaboration with the forces of progress in Brazil. A third category was the democratization of banking institutions so as to make available easy credit to all those who wish to produce. The fourth category dealt with the need to reform the structure of the political party system to enable the parties to carry out their pledges to the voters. Although he stated that present political parties had failed utterly, he did not spell out what the new party structure ought to be.

He has repeatedly emphasized the unrepresentative nature of the present Federal Government and its consequent inability to respond positively to the needs of the people. The enthusiasm with which he has recently advanced the idea of a "third" position is apparently directly connected with the practical implementation of the basic reforms he advocates. He wants Brazil to be "free of capitalism that asphyxiates and of Communism that enslaves." Except for saying that this third position is one of "fraternity, liberty, and duty," however, he has failed to define the new ideology.

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Comment: Everybody is for basic reforms nowadays. The chief difference lies in the Governor's feeling that ~~some~~ vested interests paralyze the Federal Government, a situation that in his opinion the Quadros Administration had not allowed. The Governor, however, has of late barely mentioned Quadros' name. In one of his rare references to Quadros, he said that like Quadros he was an independent man, and that their points of view regarding the solution of Brazilian problems simply happened to coincide.

The signs point to an effort on the part of the Governor to vest himself with an aura of national prestige. The question is whether his gaze is set on the 1965 Presidential elections or whether he feels that the cause of basic reforms can win so large a popular following by election time in October 1962 that the scales in both the State and the Federal Legislative houses can then turn in his favor.

3. Significance of Recent Political Shifts Among the Major State Parties

Three State deputies have changed party labels to join the ranks of the National Democratic Union (UDN), the Administration party. Two of these deputies came from the largest party, the PSD, and one came from the Republican Party (PR). As a result, the UDN, which has increased its representation from 11 to 14 deputies, is no longer the smallest of the four major parties in the Legislative Assembly. The Labor Party (PTB) now has that honor, with its delegation of 13 deputies. The PR has lost a total of two deputies, the one who went to the UDN and another who left the Party altogether. As a consequence, the PR has now 15 deputies. The PSD remains by far the largest party, with 24 deputies.

Comment: With the exception of the PR, no great significance can be attached to these shifts. These changes were motivated primarily by the personal interests of the deputies involved rather than by any conflict in ideology or program. This kind of shift has not, in fact, been infrequent in the Legislative Assembly. Most of the shifts in the life of the present Assembly, however, have occurred from the small to the major parties. One of the two PSD deputies who moved to the UDN had already changed party labels once before, his first move having been from one of Labor parties in the Assembly, the National Labor Party.

In the case of the PR there are signs that that Party is going through a serious crisis. The PR is losing many members in the interior to the UDN, particularly among mayors and municipal aldermen, and has suffered patronage losses with respect both to the State and the Federal Government. The shifts in the interior are not the less serious for involving politicians who had originally belonged to the UDN and had gone to the PR during the previous State Administration to take advantage of the PR's alliance with the party in office.

The basic problem with the PR is that it has on the one hand no significant national following and suffers on the other the natural effects of being out of power in the State. Unable to adjust itself to a position of

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little or no influence at both the State and national level, the PR has given vent to its frustration in bitter complaints against the ill treatment it receives from the State and Federal Governments. At the same time the Party gives the impression of being bent on self-destruction by insisting on a meaningless position of independence that satisfies neither friend nor foe. The Party's own president, Artur BERNARDES Filho, put it succinctly when he said recently that the PR, having decided on a position of independence, must not expect to be treated as an ally.

The PR's negative outlook was highlighted a few weeks ago when the Party rejected a PSD offer of alliance to form a clear-cut and effective opposition against Administration forces. The reasons given for the rejection were 1) that the Party's position of independence admitted of no modification; and 2) that the treatment received from PSD Prime Minister Tancredo Neves was so unsatisfactory as to preclude the possibility of an alliance with the PSD.

Edmund A. da Silveira
Edmund A. da Silveira,
American Consul

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FOREIGN SERVICE DESPATCH

FROM : Amembassy MANAGUA 360

TO : THE DEPARTMENT OF STATE, WASHINGTON. MAY 14 1962

REF : Embassy Weekas 13, 14, 15 and 17 May 14, 1962

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SUBJECT: Nationalist Liberal Party Announces Results of Last March's Plebiscite.

Begin Unclassified. The National Electoral Commission of the Partido Liberal Nacionalista (PLN) finally announced on May 11 the official results of the Party's national plebiscite held March 25. Announcement of the results came almost seven weeks after the plebiscite took place, and only two weeks before the now-officially-declared winners will serve as delegates to the PLN national convention scheduled to begin May 25.

The official returns show a total of roughly 283,000 PLN votes cast in the plebiscite, ranging from about 58,400 votes in the Department of Managua to about 7,500 in the Department of Jinotega. PLN voters had a choice (theoretically at least) which ranged from 13 different slates of convention candidates in the Department of Chinandega to the Departments of Masaya and Zelaya, in each of which there was just a single slate to vote for.

A total of 221 convention delegates was elected, plus an equal number of alternates. Departmental representation in the convention will range from 38 delegates for the Department of Managua to four delegates for the Department of Rio San Juan.

A great many of the PLN's prominent men (though neither of the Somoza Debayle brothers) will be delegates at the convention. The 31-man delegation from the Department of Leon includes the two outstanding presidential pre-candidates (René SCHICK Gutiérrez and Julio C. QUINTEANA Villanueva) as well as the leading dark-horse for that nomination (Enrique Fernando SANCHEZ, Minister of Development and Public Works). That delegation also includes Ramiro SACASA Guerrero, the President's private secretary and a powerful leader of the Schick pre-candidacy. Prominent in the 22-man delegation from Chinandega is Orlando TREJOS Somarriba, Minister of Labor and President of the Nationalist Liberal Youth. The delegation of Estelí Department includes Dr. Roberto CASTILLO Quant, son of the Minister of Health and one of the PLN's outspoken supporters of

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DATE OF ACTION: 5/25/62

DEPARTMENT OF STATE BUREAU OF INTER-AMERICAN AFFAIRS

MAY 25 1962

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the Quintana pre-candidacy. The 8-man delegation of Granada Department includes Minister of Agriculture Enrique CHAMORRO but is heavily weighted by the victorious slate loyal to PLN Senator Lorenzo GUERRERO. The delegation from Masaya Department will be headed by Finance Minister Carlos HUECK Salomón and includes the PLN's most influential lady Congressman, Olga NUÑEZ de Saballos. The Foreign Ministry's Director of Protocol, Francisco FIALLOS Gil, figures in the delegation from Matagalpa Department. Vice-Minister of Labor Pedro José QUINTANILLA, long a spokesman for the Schick pre-candidacy, will be one of the delegates from Rivas Department.

The big delegation from Managua Department has room for the heads of rival slates: Aurelio MONTENEGRO, Guillermo LANG (Minister of the National District), Gustavo RASKOSKY, José María CASTELLON L., and Mario OVIEDO Reyes. Also notable among the Managua delegates are: labor leader Julio M. SERPAS, labor leader and Congressman Raúl SANDOVAL Aragón, Vice-Minister of the National District Arturo CRUZ Porras, Presidential Advisers Luis Felipe HIDALGO and Carlos Manuel PEREZALONSO. Together, too, in the Managua delegation are Managua City Councilman Aristáides SOMARRIBA (who caused quite a commotion in downtown Managua on May 12 when he tried unsuccessfully to murder the Director of the Civil Registry in the Director's own office - he fired every shot in his revolver, but his aim was poor) and Efrén SABALLOS, the Director of the Civil Registry who was Samaribba's would-be victim. End Unclassified.

Begin Confidential. The PLN National Electoral Commission which issued these plebiscite results consists of Julio CASTRO as President, Isaac MONTEALEGRE as Vice-President, Gonzalo MENESES Ocaña (Vice-Minister of Finance) as Secretary, Oscar SEVILLA Sacasa (PLN Congressman) and Ofelia PADILLA de Meza. One of the excuses given by the National Electoral Commission for its long delay in issuing the plebiscite results was the serious illness of the Commission's President, Julio Castro, during part of the period between March 25 and the present. Other reasons given included President Somoza's own statement that it has taken quite a while to settle all the complaints and disputes which arose over the plebiscite and its handling (see Embassy Despatch 358 of May 11, 1962), and difficulties encountered in some outlying departments in communicating voting results from out-of-the-way polling places to and through various echelons of the PLN's electoral machinery.

Popular opinion, however, - and not only among oppositionists - persists in believing that much or most of the delay was caused by the process of doctoring the vote count to make sure that the PLN convention will be stacked in favor of René Schick. The President is understood to have said recently that 80% of the delegates will be pro-Schick at the convention. Chairman of the convention may well be Guillermo Lang, whose own preference is for Quintana, but who is a loyal Party man and servant of the Somoza regime.

While accusations of fraudulent practices in the operation of the plebiscite and the counting of the votes have been frequent and widespread, the most vociferous complaints still being heard have been coming from the Department of Granada, where the Minister of Agriculture himself - subsequent to the issuance

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From Managua

of the official plebiscite results - has complained publicly and bitterly to the Electoral Commission about its "electoral juggling".

While the PLN plebiscite was an intra-Party affair, in which both winners and losers are Nationalist Liberals, the shenanigans which almost everybody believes took place (and which doubtless did take place to some extent) added fuel to the opposition's long-standing contention that the GON and its political Party are incapable of carrying out an honest election - even within their own ranks. In this sense, the GON and the PLN, in their handling of the plebiscite and its results, have done a disservice to the cause of political stability in Nicaragua.

For the Ambassador:



Kenedon Steins
Second Secretary of Embassy

wk



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NO.

May 10 1962
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SUBJECT: Brazilian Elections 1962 - Report No. 3
Ex-President Quadros and the São Paulo Gubernatorial Race

The enclosed Memorandum of Conversation contains a report of remarks recently made by Ex-President Janio Quadros indicating supreme confidence in his victory in the São Paulo gubernatorial race. Quadros also addressed himself to economic and social conditions in Brazil which he considers to be bad and worsening. If something is not done about them, he is alleged to say, Brazil will go one of two ways: that of Batista's Cuba or that of Castro's Cuba.

Quadros' statements indicate his intention to return to the Brazilian national political scene through the governorship of São Paulo, Brazil's second most important executive post. This is borne out by his announced plan to start in June a campaign of national exhortation (Campanha de Pregação Nacional) with a swing into a group of states in Brazil's depressed northeastern drought area.

As usual, Quadros' remarks throw little light on his own convictions or political philosophy.

Enclosure: *AB*
As stated.

For the Ambassador

APPROVED BY:

Robert W. Dean

Niles W. Bond
NILES W. BOND
Deputy Chief of Mission

Robert W. Dean
First Secretary of Embassy

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Page 1 of
Encl. No. 1
Dep. No. 903
From Rio de Janeiro

MEMORANDUM OF CONVERSATION

DATE: May 9, 1962

PLACE: Restaurant of the Rio Commercial Association

SUBJECT: Remarks by Ex-President Janio Quadros

PARTICIPANTS: Luis Guimarães Chaves, Director of the Commercial Association of Rio de Janeiro, and Robert W. Dean, First Secretary of Embassy

COPIES TO: Minister Bond
Brasilia
São Paulo
Political Rio
Department of State/ARA
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Mr. Chaves is an old friend of the reporting officer, and a most astute observer of the Brazilian political scene. His credentials include a law degree; at least one book on the United States economy; former political advisor to Assis Chateaubriand; former Public Relations officer and assistant to the president of Esso-Standard of Brazil; long-time political advisor to Rui Gomes de Almeida, President of the Rio Commercial Association; and a director of the Association. Mr. Chaves graduated from the São Paulo Law School, circa 1940 in the same class with Janio Quadros.

The topic of our luncheon conversation, which took place in the Commercial Association restaurant on May 9, 1962, was primarily Janio Quadros and statements he made on Friday, May 4 to Rui Gomes de Almeida and Luis Chaves during an hour-and-a-half interview in São Paulo at the house of Mr. Faria Lima, who was head of Brazil's National Bank for Economic Development during the short-lived Quadros Government. Mr. Chaves termed the Faria Lima residence the headquarters of Quadros' gubernatorial campaign in São Paulo.

Mr. Chaves said that Quadros demonstrated supreme confidence during the interview, although admitting that he had made a number of mistakes as president. For one, he never expected that his resignation, to improve his position, would be accepted. However, on the contrary, he was confident that of every voting urn of 300 votes, he would win. He viewed his opening campaign meetings in the São Paulo city of Bauru as more successful than meetings held in Bauru to start his successful gubernatorial campaign in 1960. The people, he said, were more discontented with worsening conditions and therefore more interested than ever in a change of leadership.

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From Rio de Janeiro

According to Mr. Chaves, Quadros stated that Brazil will eventually collapse (desabar) because of deteriorating economic, financial, social and political conditions, and the lack of effective national leadership. If something is not done, he added, Brazil will go one of two ways: the way of Batista's Cuba, or that of Castro's Cuba.

Mr. Chaves said that both he and Gomes de Almeida returned to Rio from their São Paulo visit absolutely convinced of Quadros' victory in the São Paulo gubernatorial race. This was based not only on their interview with Quadros but on their several days' visit in São Paulo, during which Chaves in particular spoke with Paulistas of all classes. Chaves said that he was convinced that Quadros would win and take over the country from São Paulo. When asked how this would be done, given the lack of any mechanics, electoral or otherwise, to achieve this in the foreseeable future, Chaves based his argument on the growing influence of São Paulo in the national economy. When pressed on this point, however, he admitted that São Paulo's political influence in the national scene had not always corresponded to its economic importance, and that the course for Quadros' re-assumption of national power was not clear at this time. It was too early to foresee the future. 1.

One thing for sure, the Chaves-Almeida conclusions concerning Quadros' chances for victory in São Paulo are finding increasing support among knowledgeable political observers who have not buried their heads in the sand and written Quadros off. For example, Herbert Levy, President of the National Democratic Union, Brazil's second largest party in Congress, recently told the reporting officer of a public opinion survey he considered reliable which placed Quadros first, Adhemar de Barros second, Jose Bonifacio Nogueira third, and Senator Moura Andrade fourth in the São Paulo race. This is quite an admission from a man who supported Quadros wholeheartedly in the 1960 presidential campaign but who has since broken with him completely. Recent reports from the São Paulo Consulate General also support the thesis of the great and growing strength of Quadros' candidacy.

Chaves said that Quadros relies on his popular appeal and not on political party leaders and Congressmen, many of whom are daily beating a path to his doorstep to shake his hand. Chaves added that certain São Paulo business elements are again supporting Quadros in recognition of his probable return to power.

1. The next presidential election is scheduled for 1965 and according to the Brazilian Constitution ex-President Quadros is not eligible to run until 1970. It is not likely that Coulart, an avowed Quadros opponent, will nominate Quadros to the Prime Minister post, nor would the present Congress, which Quadros tried to by-pass in the August crisis, approve such an appointment. Moreover, despite his large residue of popular support, it does not appear at this time that Quadros will be able to control the next Congress to be elected on October 7, 1962, and installed early in 1963. In addition, the Brazilian military, repulsed by Quadros'

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Mr. Chaves provided some interesting background information concerning relations between Quadros and the Brazilian Commercial Association during the former's presidency. Chaves said that Quadros set a precedent by asking Mr. Gomes de Almeida, as head of the Commercial Association, to name three directors of the Bank of Brazil. This he did, and two of them still remain as heads of the Rediscount and the Foreign Trade Sections of the Bank's operations. Mr. Chaves said Quadros had also supported a Commercial Association representative in the Brazilian Maritime Office against efforts of some of Quadros' supporters to oust him.

Mr. Chaves stated that in a recent interview with Rui Gomes de Almeida, Carlos Lacerda, Governor of Guanabara State, also expressed real concern over Brazil's future but foresaw a military takeover similar to that in Argentina as the most likely development when the crisis occurs. When asked which military leaders would be likely to lead such a movement, Mr. Chaves opined that those currently on the scene may not be the most prominent, but that some relatively unknown leader would come to the fore. Further concerning the military, Mr. Chaves said that General Peri Bevilacqua, who is winning Brazil's Military Club's elections, is a "leftist" who, at the same time, strongly supports Janio Quadros.

Mr. Chaves expressed his conviction that Quadros is not a communist. He said that Governor Brizzola of Rio Grande do Sul State is the most dangerous Brazilian political leader in this regard--even more dangerous than Recife's communist mayor, Arraes, because he is a more able politician.

COMMENTS: The Chaves-Gomes de Almeida conclusions, as expressed by Mr. Chaves, are to be taken seriously. They support the growing impression among astute political observers that Quadros is the front runner in the São Paulo gubernatorial race. They also appear to imply a readiness on the part of at least the President of the Commercial Association to work with Quadros in any future position he may hold. Although designed in part for political effect, Quadros' remarks to Chaves and de Almeida appear to indicate a determination to re-enter the national political scene through the São Paulo gubernatorial race and a confidence in his victory in that race. As always, Quadros' remarks threw little light on his own political philosophy, associations, or convictions. In referring to Governor Brizzola's recent visit to Quadros, Mr. Chaves stated his belief (based partly on the interview) that no agreement between the two men had resulted from the meeting.

1. (cont.)
pro-Cuban policies and decoration of Ernesto Guevara while president, and placed on the brink of civil war by Quadros' inexplicable resignation last August, are not expected to support any Quadros bid to return to power as president, prime minister, or popular dictator.

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May 15 1962

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SUBJECT: Brazilian Elections 1962: Report No. 2: A Status Report - MARANHÃO

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 - B. Possible Candidates
- VI. Federal Deputies
 - A. Incumbents
 - B. Possible Candidates

Mr. Ford
1. First state pre-electoral situation report.
2. Note detail and first hand biographical knowledge, useful for persons desired.

DEPARTMENT OF STATE
 Bureau of Western Hemisphere Affairs
 MAY 23 1962

Hand 5/26

This is one of a series of political status reports regarding the 1962 elections in Brazil.

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From Embassy RIO

I. General

In the Northern State of Maranhão, the frontier between the jungles of the Amazon Valley and the barren lands of the parched Northeast, elections will be held for federal deputies (now 10 in number but to be 16 in 1963 if the new reapportionment bill is passed), two of the three federal senators, and all of the state legislators.

Maranhão has been a bastion for Brazil's largest party, the Social Democratic Party (PSD) - primarily because of the political engineering ability of its veteran chief, and long-time state boss Senator Vitorino Freire. The climate has changed somewhat recently because of the seemingly independent strength of incumbent Governor Newton Belo (PSD), who assumed office in January, 1961. Governor Belo does not always agree with Senator Freire and has strong ideas of his own about - not only the management of the State's affairs - but also the men whom the PSD and the state administration should support in the forthcoming elections.

Governor Belo is apparently administering his state's affairs in a firm but effective manner. Because of his austere manner and his authoritarian conduct in office, he has succeeded in alienating many of his former allies. His relations with the PSD machinery, while still correct, are rather cool. With other key personalities, such as federal deputies Miguel Bahury and Antonio Dino, there has been a sharp severance of relations.

The PSD now stands by itself. The PTB (Brazilian Labor Party) has returned to the opposition fold, which includes the PSP (Social Progressive Party), UDN (National Democratic Union), and PDC (Christian Democrat Party) plus the PL (Liberator Party) and PR (Republican Party). The UDN, which at times worked closely with the PSD, will probably not be so inclined this year as Governor Belo concentrates on having "good honest non-political" (i.e. - Belo men) elected to the state legislature and federal chamber. The opposition, although numerous and vocal, is not cohesive. It will probably run a large number of candidates, thus dissipating its strength and assuring PSD gains in the state legislature where Governor Belo will require near dictatorial powers to push ahead with his ambitious, but sound, program. In these elections the PSD, traditionally strong in the interior but weak in Sao Luis, will probably gain strength in the capital because of the outstanding work of the Belo-appointed Mayor, Ivar Saldanha.

To date few new names have appeared among those being prominently mentioned as candidates for the more important posts, but it is still early. Five of the incumbent federal deputies are aligned with nationalist and leftist causes in varying degrees; all are expected to be candidates again. Many of these leftists form the hard core of the opposition to Senator Vitorino and the PSD machine.

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The campaign emphasis will continue to revolve around personalities rather than political and philosophical issues. Subsequent portions of this report are devoted to a listing of the incumbent political figures and several of the possible candidates with brief biographical outlines to help identify and classify them (politically and ideologically) and to attempt to delineate the role they will play in the elections this year.

II. Miscellaneous

A. Ligas Camponesas (rural leagues). While still without a real foothold in this frontier state, the Ligas now do have effective spokesmen and ambitious leaders in Federal Deputy Neiva Moreira (PSP) and State Deputy Francisco Figueiredo (PSP). While there is abundant land for all who wish to hack it out of the jungle, the actions of land speculators have caused some settlers to organize Ligas-like units to protect what they consider to be their rights to the land. One state militia man was killed recently during one of these disputes.

B. News Media.

Of the seven newspapers, one, the Jornal do Povo owned by Deputy Neiva Moreira, is consistently leftist, while the scandal sheet, Jornal Pequeno, often features pro-communist, ultra-nationalist, and anti-U.S. articles. Of the others - O Imparcial, Diario da Manhã, O Globo, the new Combate, and the weekly O Maranhão - the O Imparcial is considered the most responsible news organ.

All of the three radio stations (Difusora, Ribamar, and Guarapi) appear to be free of communist control or significant influence.

III. Classification of Political Leaders (In categories as established in Report No. 1, Amembassy RIO Despatch No. 891.)

A. Fellow Traveler or Useful Innocent (Category II)

1. Federal Deputy Neiva Moreira, PSP.
2. Federal Deputy Miguel Bahury, PSD.

B. Leftist Ultra-Nationalist (Category III)

1. Federal Deputy José Sarney, UDN.
2. State Deputy Evandro Sarney, UDN.

C. Non-Communist Radical Reformer (Category IV)

1. Federal Deputy Cid Carvalho, PSD.

D. Centrist (Category V)

1. Governor Newton Belo, PSD.
2. Federal Deputy Antonio Dino, PSD.
3. Federal Deputy Henrique La Roque, PSP.
4. Federal Deputy Clodomir Millet, PSP.
5. Cesario Coimbra, PTB. possible federal deputy candidate.
6. Marcel Lino Filho, PR. possible federal deputy candidate.
7. State Secretary of Interior Jose Burnett da Silva, PSD.
8. São Luis Mayor Ivar Saldanha, PSD.

E. Conservative (Category VI)

1. Federal Senator Sebastiao Archer, PSD.
2. Federal Senator Eugenio Barros, PSD.
3. Former Governor Jose de Matos Carvalho, PSD.
4. Former São Paulo Mayor and Governor Adhemar de Barros, PSP.
5. Federal Deputy Lister Caldas, PSD.
6. Federal Deputy (now acting as Under Secretary for Foreign Affairs) Renato Archer.
7. Former Federal Deputy Jose Matos, PR.
8. Eurico Bartolomeu Ribeiro, PSD.

F. Rightist Extremist (Category VII)

1. Federal Senator Vitorino Freire, PSD.

IV. The Governor

NEWTON BELO, PSD, Born in 1901. A former federal deputy, he was elected as Governor with the support of PTB and UDN in 1960. An efficient administrator with a forceful personality, he can be just as diplomatic and charming on occasion as, on other occasions, he can be bluntly authoritarian and austere. His personality has been responsible for the administration's loss of many friends and former colleagues (hangers-on). Newton Belo is strongly pro-U.S. and anti-communist. He has recommended the use of U.S. Marines as the solution to the Cuban affair. Governor Belo will be active in the coming elections, and his support could be decisively helpful to several PSD candidates.

V. The Federal Senators

A. Incumbents

1. VITORINO Siqueira de Brido FREIRE, PSD. Born 28 January 1907 in Pedro do Buigue, Pernambuco. Married in 1936, one son. Visited the U.S. in September 1960, after having been a member of the Brazilian delegation to the U.N. in 1957. For 20 years, he exercised near dictatorial control of Maranhão politics, but within the past few years he has

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relaxed somewhat in the role of senior statesman. His rise in politics was rapid. Giving up his corporal's stripes in the Paraiba Militia, he moved first to Piaui and then Maranhão as secretary for the federal interventor (administrator) of those states. His friendships with José Americo (former Governor of Paraíba and Minister of Transportation) and General Dutra (President of Brazil from 1946-51) were advantageous to his career. In 1937, he became the interventor for Maranhão. Later, he was elected Federal Deputy, and in 1947 won his present senatorial seat. His reign as state interventor was noted for the naked violence used at opportune moments for maximum political and psychological effect in the administering of the state's affairs and the construction of his personal political machine. He told an Embassy officer that he had frightened Ligas Camponesas leader Francisco Julião out of Maranhão by threatening to have him shot. While primarily Pro-Vitorino, he has taken strong anti-communist stands, and he has been known to be pro-U.S. (Fernando de Noronha issue). After an initial mutual dislike, he and Goulart (then Vice President and President of Brazilian Labor Party) achieved a compatible working agreement in 1956 which is still purportedly in effect. He supported Janio Quadros in the 1960 campaign and still retains some respect for Quadros but to a much lesser degree. Senator Freire will be a candidate again for the October 1962 election. He should have little difficulty in winning his third term. Rightist Extremist.

2. SEBASTIÃO ARCHER da Silva. PSD. About 70 years old. Former Governor of Maranhão. First elected Senator in 1954. The Archer family owns extensive properties near Codó, Maranhão which include not only agricultural holdings but textile mills. He was one of the earliest political allies of Vitorino Freire in the 1930's. Two of his sons, Renato and Remy, have followed in his political and economic footsteps. Senator Archer is described as now being relatively inactive and would prefer to step out of the political arena. Since many PSD elements are opposed to Governor Belo's choice (José de Matos Carvalho) as his successor, he may be persuaded to run again to prevent a rift within the ranks of the PSD. Senator Archer, a conservative politician, is said to be anti-communist and friendly to the U.S., although influenced by his more nationalistically inclined sons. Conservative.
3. EUGENIO BARROS, PSD. About 65 years old. Elected in 1958 with PTB support. He was Governor of Maranhão from 1953 to 1957. He is considered to be a yes-man to Senator Vitorino Freire. A small town industrialist (textiles),

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he is a conservative although relatively pliable politician. In 1960, he visited the USSR, but he has remained anti-communist and fairly friendly to the U.S. Senator Barros will not be a vital force in the 1962 elections. Conservative.

B. Possible Candidates

1. José de MATOS CARVALHO, PSD. About 55 years old. He was Governor of Maranhão until January, 1961. Conservative, he is also a member of the Vitorino club, but his candidacy for the Senate is now being pushed primarily by incumbent Governor Newton Belo. He will not be backed by Vitorino unless a compromise agreement is reached by Governor Belo, Senator Vitorino, and Senator Archer regarding whether the latter will be a candidate again. Conservative.
2. ANTONIO Jorge DINO, PSD dissident. About 50 years old. A physician from São Luis, he is completing his second term as federal deputy. Conservative, well respected, and popular, he is now a PSD dissident and anti-Vitorino. He has declared that if his good friend Sebastião Archer is not a candidate again, he will run for his senatorial seat. He is particularly opposed to Matos Carvalho, and if the latter is chosen to be the PSD senatorial candidate, he (Dino) will align himself with another political party to make his bid for the Senate. If Archer decides to continue in the Senate, Dino will run again for the Federal Chamber. Centrist.
3. ADHEMAR Pereira de BARROS, PSP. This perennial candidate for the presidency, ex-Mayor of the city of São Paulo, and ex-Governor of São Paulo, carried the State of Maranhão in the October 1960 presidential elections. For this reason, the local PSP, relatively strong in the state, is attempting to launch Adhemar as their candidate in the senatorial race. Conservative.

VI. Federal Deputies

A. Incumbents.

1. ANTONIO Jorge DINO, PSD (dissident). About 50. A physician from São Luis, now serving his second term. Conservative and respected, he has broken not only with the Governor but also with Senator Vitorino. He may be a candidate for the Senate. If he runs again for deputy, his personal popularity should guarantee his victory despite his probable departure from the PSD ranks. Centrist.

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2. **HENRIQUE de LA ROQUE Almeida.** PSP. Born: August 8, 1912; São Luis, Maranhão. A lawyer and journalist who received his education in Rio de Janeiro and has resided there more than Maranhão, he is reported to be democratic and friendly to the U.S. although he plays along with the nationalists without committing himself. He is a popular deputy, reported to be a sincere and efficient person as well as a clean fighter in politics. He was appointed by President Kubitschek to head one of the social security institutes (IAPC). He was a strong Dutra backer and is said to be on good terms with President Goulart. Centrist.
3. **CLODOMIR Teixeira MILLET.** PSP. About 45. First elected deputy in 1954, he was the unsuccessful opposition candidate against Belo in the 1960 gubernatorial race. A physician (specialist in lung disease - tuberculosis), he is a first generation Brazilian of Syrian parents. He also has business and commercial interests, and he has recently purchased a textile plant and leather tanning plant with the help of an IADB loan. A political opportunist, he has been known to voice a strong opinion only when discussing Senator Vitorino Freire. He is said to be friendly to the U.S. Millet should win in his bid for a third term. Centrist.
4. **José Guimarães NEIVA MOREIRA.** PSP. Born: October 10, 1917; Nova York, Maranhão. After serving in the State Assembly he was first elected as a federal deputy "suplente" (alternate) in 1954, and then deputy in 1958. A lawyer and journalist, he is the owner of the leftist Jornal do Povo. He has headed the anti-Vitorino-PSD opposition in the state for many years. Egocentric, he uses all means to further his own career while being of little real help to his allies. Following a visit to the United Arab Republic, he has become a rabid NASSER fan. He has also visited the USSR. A spokesman for the local nationalists and the Ligas Camponesas, he adheres closely to the Frente Nacionalista line in Brasília. He is violently anti-U.S. A fierce orator, who can master the facts necessary for his nationalistic arguments, he is described as a man to be feared. He is presently acting as chairman of the Chamber committee investigating the activities of the Ligas Camponesas in the Northeast. Fellow traveler or Useful Innocent.
5. **JOSÉ SARNEY Costa.** UDN. Born: April 24, 1930, in Pinheiro, Maranhão. Married; three children. A lawyer by profession, he has gained his reputation first as a poet and author of two books and second as a young nationalist legislator and former vice-leader of the UDN in the Federal Chamber. He is a member of the Maranhão Academy of Letters. In Brasília, he has sponsored several nationalist bills. His anti-American

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posture (reported assumed after his request for a scholarship in the U.S. was rejected) is said to have been softened somewhat by his 1961 experiences in the U.S. as a Brazilian delegate to the U.S. He is regarded as an exceptionally intelligent individual in addition to being a clever organizer and a steady worker. Leftist Ultra-Nationalist.

6. CID Rojas Americo de CARVALHO, PSD. Married in 1959. About 35 years old. A lawyer, he is the nephew of poet, businessman, and amateur diplomat Augusto Frederico Schmidt, who is his political tutor. Young Carvalho has adopted many of his uncle's mannerisms. An opinionated person, he is difficult to deal with; he is said to consider himself to be a wonder boy. He cooperates with Senator Vitorino and depends upon two particular strongholds in interior Maranhão to keep him in the Chamber. He defends the Frente Nacionalista although he normally follows the more independent and sometimes anti-U.S. line of Uncle Augusto. He is identified with the Ala Moca wing of the PSD. He also is reported to be a silent partner in an export-import firm that deals with Czechoslovakia. Carvalho arranged the agreement in 1960 while honeymooning in Europe. Non-communist Radical Reformer.
7. BURICO Bartolomeu RIBEIRO, PSD. About 32-35 years old. He has a law degree from local university. He was elected as a PSD "suplente" in the 1958 elections following a term as state deputy during which he was made acting governor of the state for six months while investigations of reported electoral frauds were conducted. A handsome blond figure, he is not supposed to be overly intelligent. His political strength lies in the interior and in his alliance with Senator Vitorino, whom he blindly follows. Regarding nationalistic issues, he generally remains non-committal. Conservative.
8. LISTER Segundo da Silveira CALDAS, PSD. Age: Mid-30's. A large heavy set man with a violent temper, Caldas is completing his second term as deputy. He has gained a reputation as a "vile and corrupt" politician, but he is still favored to win again - despite a reported quarrel and break with Governor Belo. His brother Tacito Caldas, is the President of the Maranhão State Tribunal. Both are proteges of Senator Vitorino. His political philosophy is classified as "fairly conservative." Conservative.

9. MIGUEL Antonio BAHURY. PSD. Born December 26, 1912; São Luis, Maranhão. Orphaned at the age of 2, a salaried worker at age 10, married at 16, and now a prosperous businessman in both São Luis and Rio de Janeiro, Bahury is completing his first term as federal deputy. His political and business career were both launched during the Revolution of 1930. As a journalist, he was imprisoned several times by the then Secretary of State Vitorino Friere. The two later became friends and political allies until the past two years when he has again broken with Senator Vitorino as well as with Governor Belo. A good public speaker, mentally agile, "fiery eyed," and an extremely domineering person, Bahury is described as being a dangerous and slippery politician whose promises can never be trusted. Formerly inclined toward conservatism, he has more recently been described as pro-communist. His son, Antonio Jose de Nenezes Bahury, was catalogued as a Communist while attending the Law School of the University of Rio de Janeiro where he was the Present of the University's Central Student Council. Useful Innocent.

10. RENATO Bayma ARCHER da Silva. PSD. Born in Codó, Maranhão on July 10, 1923. Son of Senator Sebastiao Archer, he served as an officer in the Brazilian Navy during World War II in the Atlantic Campaign. In 1950, he was elected Vice-Governor of Maranhão after having served as the Governor's Chief of Cabinet in 1947 and 1948. He was first elected federal deputy in 1954. He is presently on leave from the Camara while acting as the Under Secretary for Foreign Affairs. In business affairs, Archer became a partner in an aerial transport company and later helped found an aerial surveying company. Many sources have stated that contraband operations of the first venture and government contracts for the second venture have made Deputy Archer a wealthy person in his own right. In the Chamber he is identified with the liberal nationalistic wing (Ala Moça) of the PSD. A few years ago he adopted an anti-American stance on the question of atomic minerals (monazite sands) but this position is believed to have derived more from business interests (Brazilian business nationalism) than from ideological inclination. Basically: Conservative (despite nationalistic guise).

B. Possible Candidates

1. CESÁRIO COIMBRA. PTB. Former PTB State leader, a physician, and an Army officer, Dr. Coimbra (a negro) is linked with the Janio Quadros movement in Maranhão. He was the State Director of Public Health until recently forced out. He is not considered to be a strong candidate. Centrist.

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2. JOSÉ MATOS. PR. A former federal deputy, he has faded into relative oblivion following his 1954 defeat for the federal chamber. As a "former" friend of Senator Vitorino, he was employed for a time as a director of the Bank of the Amazonas. Conservative.
3. MARCEL LINO FILHO. PR. Lino tried to follow in his father's footsteps as a power in Maranhão but has had little success to date. He is not expected to break the pattern in 1962 although he is already an official PR candidate. He, too, is an ex-Vitorino protege. Centrist.
4. JOSÉ BURNETT da SILVA. PSD. About 36 years old, Burnett is a commanding figure - tall and blond. His great-grandfather was American. Burnett is now serving as Governor Belo's Secretary of the Interior and is believed to be one of the masterminds of the Governor's program. He is also an intermediary between the Governor and Senator Vitorino. As a Vitorino favorite, his political responsibilities started in the São Luis city administration while still a law student. If he runs for the Federal Chamber, it will be his first test at the polls, but he is believed to be popular enough to win. Centrist.
5. IVAR SALDANHA. PSD. The Belo appointed Mayor of São Luis, he has done such an efficient job that he is being discussed as a candidate for the Federal Chamber. He is a quiet but effective worker and organizer. He is well liked by the São Luis populace. Centrist.
6. EVANDRO SARNEY Costa. UDN. Brother and home front campaign manager for Federal Deputy José Sarney, he is a member of the Maranhão State Legislature. Nationalistic and anti-U.S., he is a leader of the Frente Nacionalista in the state. He will be a popular candidate. Both Sarneys are Janistas. Leftist Ultra-Nationalist.

Approved By:

For the Ambassador:


Niles Bond
Deputy Chief of Mission


Edward Carroll Waters
Second Secretary of Embassy

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732-005-1762

FOREIGN SERVICE DESPATCH

FROM : Amembassy, Rio de Janeiro

911
no.

May 17, 1962

TO : THE DEPARTMENT OF STATE, WASHINGTON.

DATE

MAY 19 1962

REF : OHRP-C-4

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SUBJECT: MONTHLY ECONOMIC SUMMARY - April 1962.

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SUMMARY

The principal economic developments during April were the passage by Congress of a bill raising compulsory requirements of commercial banks and the Federal Government's intervention of the Canadian-owned Companhia Telefonica Brasileira for 180 days pending preparation of a national solution to the problem of foreign-owned telephone companies.

Although the Government's financial stabilization plan remained under consideration by Congress, apart from the raising of bank reserve requirements action on most of the measures proposed was put off until May.

/The Lower House

ECON:SEWeaver/lsc

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FORM 5-61 F5-439

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| ACTION ASSIGNED TO | ACTION TAKEN |
| NAME OF OFFICER & OFFICE SYMBOL | DATE OF ACTION |
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Disp. No. 911
From Rio de Janeiro

The Lower House did however pass a bill which would make it mandatory for employers to pay employees a Christmas bonus equal to one-month's pay. Hearings also continued in Congress on a bill to raise salaries of Federal employees by 40 per cent and on the profits remittance bill passed by the Chamber.

The Federal Government intervention of the Companhia Telefônica Brasileira was made to forestall the imminent expropriation of the company in Rio by the State of Guanabara. Justifying its take-over of the company by Article 5, XIII of the Constitution, which reserves to the Union the prerogative to exploit inter-state telephone services, the Federal Government proceeded to issue a decree on April 10 by which it will henceforth intervene in all legal actions relating to expropriation, seizure or rescision of franchise of any telephone company operating inter-state or international services. This move was intended to prevent any further expropriations while a national solution was being developed for the problem of foreign-owned telephone facilities.

Business activity in April continued to be good though the marked seasonal improvement of the previous two months seemed to be slowing down. Sales volume appeared to be up about 3% with industrial production up similarly.

The cost of living in Rio de Janeiro increased by 2.0 per cent in April compared with a 4.4 per cent increase in April, 1961. The increase through April has been about the same as last year, 10.1 compared with 9.7 per cent. (SHweaver)

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From

FINANCE:

April was relatively uneventful in the financial field. Stabilization was still the main focus of attention, although action on most of the proposed stabilization measures was put off until May. Congress did pass a bill authorizing SUMOC to raise compulsory reserve requirements of commercial banks to double their present level, the first of the stabilization bills to get through the legislature. Countering the effects of the bank reserve bill was a bill passed by the Lower House in April which would make it mandatory for employers to pay employees a Christmas bonus equal to one-month pay. In other congressional action, hearings were continued on the profits remittance bill and on the federal pay raise bill. Regarding the executive branch, SUMOC Instruction 223 maintained a 10%, 6-month, no interest deposit on foreign exchange purchases for financial transactions. Also it was reported that the 1963 budget proposal, forecasting a budgetary deficit of Cr\$ 300 billions was ready to go to press.

The bank reserve passed by Congress will permit SUMOC to raise compulsory reserve requirements of commercial banks to 20 and 14% of demand and time deposits respectively. Though the law has not yet been implemented, it is believed that it will be carried out by requiring that commercial banks deposit 50-60% of all new deposits with SUMOC until new reserve levels are reached. The measure will not effect the Bank of Brazil which is not subject to reserve requirements, but has been limited to increasing its loans to the private sector to Cr\$ 35 billions this year excluding coffee. Doubts have been expressed in various circles as to whether the Bank of Brazil will be able to adhere to the Cr\$ 35 billion limit.

A bill passed by the Chamber of Deputies making it mandatory for employers to pay employees a Christmas bonus equal to one month's wage each year (1/12 of each month's wage) is being considered by the Senate. Though it is believed to have a good chance of eventual passage it is reported that a number of amendments will be required so that time may not permit legislative action before the Chamber departs to begin campaigning. In the meantime, legislation has been proposed applying the same measure to federal employees should the Chamber-passed bill become law.

Hearings continued on the federal pay raise bill and on the profits remittance bill with legislative action being put off until May. The pay raise bill, raising federal salaries by 4% is expected to pass before the end of May but it appears unlikely that there will be any Congressional action on the profits remittance legislation before the campaign.

According to press reports, the proposal submitted by DASP to the Cabinet of Ministers for the 1963 Federal Budget forecasts a Cr\$ 300 billion deficit. Revenue was estimated at Cr\$ 590 billion and expenditures were placed at Cr\$ 800 billion, leaving a Cr\$ 210 billion deficit, to which an additional

/Cr\$ 90 billion

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Cr\$ 90 billion in pay raise costs should be added. The Cr\$ 300 billion deficit forecast for 1965 compares with a potential cash deficit of Cr\$ 329 billion estimated for this year. The 1965 proposal will reportedly recommend global appropriations for each particular area or sector (as the Northeast drought area or the São Francisco Valley) instead of breaking up the appropriations by items as roads, dams, bridges and the like. The Executive's efforts to achieve a simplified and more flexible budget, will undoubtedly be resisted by Congress, which has always found the detailed budget a useful political tool.

The fixed exchange rates of Cr\$ 310-318 imposed by the monetary authorities on private banks to operate on the exchange market continued during April. The requirement to purchase 150 day 6 percent per annum Bank of Brazil Import Letters has been reduced to 100 percent as of May 2. The required 6-month non-interest bearing deposit for financial remittances which was scheduled to disappear on May 1st was kept at 10 percent by SUMOC Instruction 225.

According to figures compiled by the Rio de Janeiro Stock Exchange, during April, \$ 40.2 million were sold in the "unified" exchange market established by SUMOC Instruction 222, whereas sales in the "cambio" market were reported as \$ 276 thousand. The corresponding figures for the previous month were respectively \$24.7 million and \$ 337 thousand. The rate in the so-called "parallel" market fluctuated around Cr\$ 350 to the dollar.

Cr\$ 4 billions were added to effective circulation during April as the total amount of currency outstanding increased to Cr\$ 313.8 billion. This amount was equal the total currency in circulation as of December 31, 1964, although in December, Cr\$ 5 billion of outstanding currency was deposited in a special sterilized account in the name of SUMOC. This amount has been drawn down.

The cost of living in the State of Guanabara in April increased by 2.0% over the previous month as compared to 4.4% in April last. Thus far in 1962, the cost-of-living has increased by 10.1% in the State of Guanabara.

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TRADE AND INDUSTRY:

Business conditions were generally satisfactory during April though the pronounced seasonal upswing of the last two months appeared to be slowing down somewhat. Sales in Rio and São Paulo were up about 3% over the previous month compared with a 7% increase in March over February. Industrial production appeared to have increased by about the same percentage over the previous month.

The twelve bids for supply and financing of electricity generating equipment for the 1.3 million KW Urubupunga hydroelectric power project on the Paraná River, which were submitted by foreign and Brazilian firms in March, were being studied by Centrais Elétricas de Urubupunga (CELUSA) in São Paulo with results expected to be announced by May. Bids were submitted by U. S., European, Japanese and Brazilian firms. In April six Brazilian firms submitted bids for the first phase of construction work on the power plant. These bids were also still being studied.

Completion of expansion projects of several firms was announced during the month.

Union Carbide do Brasil S. A. completed the second stage of its polyethylene plastics facilities near Santos. Capacity of the plant was increased from 4,700 to 11,000 tons per year. The plant uses refinery gases produced by the nearby Petrobrás refinery at Cubatão and sugar alcohol as raw material for the production of polyethylene. The company is now planning a further two phase expansion which would raise capacity to some 18,500 tons by the end of 1964.

S. A. Philips do Brasil, a wholly-owned subsidiary of N. V. Philips Gloeilampenfabrieken of Eindhoven, Holland, inaugurated its new industrial complex at Guarulhos, near São Paulo. The new plant is composed of a metallurgical unit, a component making unit, and an assembly shop for electronic and electrical equipment, including radio receivers, television sets, tape recorders, and record players and changers. The plant is reported to be the largest of its kind in Latin America.

Valmet do Brasil S. A. in which Valmet Oy of Finland holds a controlling interest, inaugurated its tractor-making plant at Mogi das Cruzes, near São Paulo, on April 17. Plant capacity is 4,000 wheel tractors annually. Except for the most intricate parts, 98 per cent by weight of the tractor is composed of locally manufactured parts.

On April 3 the National Petroleum Council approved a contract for the import by Petrobrás of 100,000 tons annually of liquefied petroleum gas from Argentina over five years. Brazil will export to Argentina manufactured goods in exchange, including passenger cars and buses, to the amount of US\$34 million over a period of one year.

/The Rede Ferroviária

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The Rede Ferroviária Federal, the State-owned railroad system, has announced that it has obtained a credit of US\$ 10 million from the Export Credit Insurance Corporation of Canada for the purchase of 56 diesel-electric locomotives in Canada. (SHEwaver)

TRADE WITH SOVIET BLOC:

A significant development in Brazil's trade with the bloc countries occurred early in the period under review, with the rejection of a proposal to create Eximbras, a state entity which would handle all trade with the socialist countries of East Europe. In rejecting the proposal, the Working Group designated by the Foreign Minister, pointed out that despite substantial difficulties existing in trade between Brazil and the bloc, such trade is developing in a satisfactory manner, and that the creation of Eximbras would not overcome the chief obstacles presently confronting trade with East Europe -- on the Brazilian side, lack of national economic planning, and on the side of the socialist countries, lack of a governmental organ which might serve as a competent "interlocutor" for their trade and diplomatic missions in Brazil. Finally, the Working Group considered that the creation of Eximbras would be superfluous, since there already exist within Brazil's administrative structure, entities capable of dealing with trade with the socialist countries.

As an alternative solution to the problem of handling trade with the bloc, the Working Group recommended the creation of a corporation, to be made up of representatives of private industrial, banking, importing and exporting groups, which would attempt to promote Brazil's trade with all countries, and particularly socialist countries. Paralleling the creation of this corporation, there would be formed a banking organization, which could be the Export Bank whose constitution is at this time in legislative process; or, the banking organization could be established in the Bank of Brazil itself, with the restructuring of certain departments.

Towards the end of the month, the Soviet Minister of Foreign Trade, Nicolai Patolitchev, visiting Brazil for the inauguration of the Soviet Exposition of Industry and Commerce, met with Foreign Minister San Tiago Dantas and other officials for discussions on a trade agreement to become effective upon the December 31, 1962 expiration of the "understandings" now in force. Because of insufficient time to complete necessary studies and other preliminaries, it was not possible to conclude a trade agreement prior to Patolitchev's departure; the Minister did sign a protocol, however, which will cover trade for the balance of 1962 -- projected at a level of US\$ 80-100 millions both ways -- and which will serve as a basis for a new trade and payments agreement, to be concluded later this year. (BAGoldstein)

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TRANSPORTATION AND COMMUNICATIONS:

Once again the telephone situation held the limelight during the period under review. As reported in last month's summary, immediately upon his return on March 30 from the United States Governor Lacerda announced his decision to proceed with the expropriation in the State of Guanabara of the Canadian-owned Companhia Telefônica Brasileira (CTB). In a quick move to forestall this action the Federal Government on April 1 announced the intervention of the CTB not only in Guanabara but in other states where it operated. It issued Decree No. 814 on April 2 invoking Article 5, XIII of the Constitution which reserves to the Union the prerogative to exploit inter-state telephone services. The take-over was accomplished quickly although not without a show of force in Rio de Janeiro and Belo Horizonte where Federal troops occupied the company's premises for a short-time. The intervention was to be for 180 days during which the general question of ownership and operation of the telephone companies would be studied and a report be made containing suggestions as to a national solution to the problem. The stated reasons for the take-over were the necessity to establish a national telephone plan for the entire country and the "interests of national security". The legal problems involved are now in the Federal Supreme Court in three separate proceedings.

To establish itself more firmly in the field of inter-state telephone matters the Federal Government issued Decree No. 881 on April 10 by which the GOB will henceforth intervene in all legal actions touching upon expropriation, seizure or rescission of franchises of any telephone company operating inter-state or international services. This latest move was to prevent any further expropriations while a national solution was being developed for the problem of foreign-owned telephone facilities.

Notwithstanding all this furor between the State of Guanabara and the Federal Government, telephone rates in Rio de Janeiro and São Paulo were raised by the local authorities to compensate for salary increases awarded to the workers, the increase in Rio being 26 per cent and that in São Paulo 27.2 per cent.

Conversations continued with Brazilian Government officials toward a satisfactory solution in the case of the expropriation by the Government of the State of Rio Grande do Sul of International Telephone and Telegraph Corp.'s subsidiary, Companhia Telefônica Nacional (CTN), which operated in that State; however, a definite formula by which final negotiations could be undertaken to resolve the problem had not yet been worked out by the close of the month. (SGAnderson)

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MINERALS:

Events in the mineral industry field during April continued to be on the negative side. Usual newspaper accounts were published with regard to purported mineral developments and discoveries including a planned potash production project in Rio Grande do Norte (see Bi-Weekly Economic Review April 20 - May 4), possible importation of 30,000 metric tons of salt despite protests of the Brazilian Salt Institute, and a reported zinc discovery (see Bi-Weekly Economic Review, April 7 - April 20). In no instance could the report be considered completely factual or acceptable without further details and confirmation. However, the items with respect to potash and zinc are of particular interest in the event that developments show real progress, because Brazil lacks potash and is dependant on imports, and because of the low level of development of zinc deposits in Brazil.

The Minister of Mines and Energy, Gabriel Passos, was hospitalized late in March reportedly for major surgery on the liver. In the latter part of April Sr. Passos purportedly had returned to active work. Specific confirmed details regarding his illness or the present true state of his health have not been ascertained.

In the field of petroleum, there were three principal items of interest relative to Petrobrás: (1) Continued shutdown of the Mataripé refinery purportedly owing to serious problems in the powerhouse, inferior quality and deficiency in equipment, faults in design, and cracks in machinery foundations; (2) Open criticism of Sr. Mangabeira, President of Petrobrás, over a contract for purchase of 500,000 metric tons of Argentine liquefied petroleum gas (LPG), and his explanation and defence (the discussion has not ended); and (3), stepped-up publicity on the projected installation of a prototype oil shale processing plant to be built by Petrobrás in São Mateus do Sul. Purportedly contracts have been let for the construction within six months of a plant having an initial daily capacity of 1,000 barrels of oil, the cost to be \$5.4 billion. (ALRansome)

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From

AGRICULTURE:

Major developments in the Agriculture field during April included a milk crisis in Rio, the issuance of Editals to purchase a total of 230,000 m. tons of wheat, the integration of GERCA (Executive Group for the Rationalization of Coffee Production) with the IBC and concern towards the end of the month regarding a developing bean shortage in Rio, São Paulo and Pernambuco.

Rio was practically without milk for several days early in the month due to a dispute (mainly price) between the producers in Rio area and COMAF. A "lock out" and resulting shortages prompted action from COMAF which issued "portarias" freezing the price of milk at the March 30, 1962 level until further study and providing for COMAF's intervention in the market to normalize the supply. Milk supplies shortly returned to normal and it is reported that prices to producers have been adjusted.

Wheat Editals for 50,000 m. tons from Argentina, 140,000 tons any origin and 90,000 tons of P. L. 480 wheat were issued during the month. All bids to supply the 140,000 tons were rejected and this Edital cancelled.

The GERCA organization created on October 20, 1961 was integrated by decree with IBC on April 2, 1962. All authority entrusted to GERCA through the original decree remains in force. The new decree is primarily of an administrative nature giving GERCA authority for the application of funds and the hiring of personnel.

Newspaper comments and trade inquiries near the end of April gave indications of a developing bean shortage in some major consuming areas. Information has been furnished regarding the availability and prices of beans from the U. S. and action taken to speed Food for Peace deliveries to the Northeast. The GOB has not yet decided on the course of action to relieve the shortages in Rio and São Paulo.

Coffee exports through April 30 of the current coffee marketing year (7/1/61 - 6/30/62) were 15.1 million bags compared to 14 million during the same period last year. (L.F. Thomsson)

For the Ambassador

Robert Bakens

Robert Bakens
Counselor for Economic Affairs

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(Classification)

ECONOMIC INDICATORS

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Encl. No. 211

Disp. No.

From Embassy, Rio

| | 1961 | | | 1962 | | |
|---|--------|--------|--------|--------|--------|--------|
| | Feb | Mar | Apr | Feb | Mar | Apr |
| Cost of Living ^{1/} | 875 | 891 | 930 | 1,279 | 1,311 | 1,337 |
| Index (1965 = 100) | | | | | | |
| Percent Increase Over Previous Month | 1.0 | 1.8 | 4.4 | 2.2 | 2.5 | 2.0 |
| Sales Tax Receipts | | | | | | |
| Billions of Cruzeiros | | | | | | |
| State of Guanabara | 1.29 | 1.59 | 1.62 | 2.68 | 2.82 | 2.94 |
| State of São Paulo | 6.31 | | 7.85 | 10.66 | 11.41 | 11.75 |
| Motor Vehicle Production (Units) | 11,330 | 12,881 | 12,454 | 13,365 | 14,136 | 14,773 |
| Industrial Consumption | | | | | | |
| Electric Power | | | | | | |
| Millions of KWH | | | | | | |
| State of Guanabara | 39.2 | 42.3 | 42.7 | 44.7 | 45.4 | |
| State of São Paulo | 333 | | 353 | 378 | 374 | |
| Notes Printed | | | | | | |
| Number | | | | | | |
| State of Guanabara | 1,600 | 1,700 | 1,600 | 2,075 | 1,844 | 2,161 |
| City of São Paulo | 4,102 | | 4,971 | 5,577 | 5,894 | 5,721 |
| Millions of Cruzeiros | | | | | | |
| State of Guanabara | 43 | 47 | 46 | 75 | 68 | 108 |
| City of São Paulo | 101 | | 128 | 201 | 175 | 154 |
| Coffee Exports | | | | | | |
| Millions of Bags (60 Kilos) | 1.21 | 1.51 | 1.32 | 1.34 | 1.35 | 1.27 |
| Bank of Brazil - Last Day of Month | | | | | | |
| Billions of Cruzeiros | | | | | | |
| Loans to Treasury ^{3/} | 11.5 | 18.0 | 14.4 | 12.0 | 18.9 | |
| Outstanding Loans to Private Sector | 186.4 | 177.1 | 178.2 | 291.1 | 301.6 | |
| Rediscount to | | | | | | |
| Commercial Banks | 15.8 | 10.0 | 9.3 | 27.9 | 29.3 | |
| Cash Holdings | 9.7 | 8.8 | 7.9 | 12.3 | 18.0 | |
| Compulsory Reserves, | | | | | | |
| Commercial Banks | 43.8 | 46.3 | 44.8 | 69.3 | 71.7 | |
| Outstanding Bank of Brazil Letters | | | 34.6 | 82.5 | 85.9 | |
| Currency Outstanding | 207.9 | 214.9 | 220.9 | 310.0 | 310.0 | |

^{1/} State of Guanabara.^{2/} State of São Paulo only.^{3/} Bank of Brazil loans to Treasury are recorded on an annual basis, on the basis of SUMOC estimates. Cumulative figures covering past years are of no significance since outstanding Treasury debt is periodically written off.

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NOTING INDICATOR

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732.00/5-1762

NR 622.39

FOREIGN SERVICE DESPATCH

585

MAY 18 1962

May 17, 1962

DATE

NR 601.3222

FROM : Amembassy QUITO

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : Despatch No. 517 of April 16, 1962

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| | | AGR | | COM | FRS | INM | LAB | YAR | YR | | | | | |
| | REC'D 5-22-62 | AIR | 3 | ARMY | 5 | CIA | 10 | NAVY | 3 | OSD | 3 | OCB | USA | NSA |

SUBJECT: Three Guerrillas Escape Prison and Seek Asylum in Brazilian Embassy

On May 13, 1962 three persons held for prosecution in connection with the guerrilla incident at Santo Domingo/Los Colorados in early April, 1962 escaped from the Garcia Moreno Prison in Quito and entered the Brazilian Embassy in search of political asylum. The three prisoners were Carlos ALVARADO, Miguel PANCHANA, and Francisco AVILES. Of these three, Alvarado is considered to have been one of the leaders of the Santo Domingo group. The three apparently escaped from prison by masquerading as visitors.

At the present time the three guerrillas are still in the Brazilian Embassy awaiting the decision of the Brazilian Government as to whether they are entitled to political asylum. Both the Foreign Minister, Francisco ACOSTA Yopez, and the Brazilian Chargé, Lindolfo Leopoldo COLLOR, expressed the unofficial view to an Embassy Officer that the three guerrillas are not entitled to political asylum under the principles of the Convention on Asylum of the Tenth Inter-American Conference. However, on May 17 the press announced that the Brazilian Government had granted asylum to the guerrillas.

COMMENT: This is the second chapter of involvement by the Brazilian Government and the Brazilian Embassy in Quito in the Santo Domingo affair. The first arose because of the presence of the Brazilian girl, Abigail PEREIRA, in the guerrilla band. She is still a prisoner awaiting trial.

DEPARTMENT OF STATE
BUREAU OF AFFAIRS
INTER-AMERICAN AFFAIRS
MAY 29 1962
d'Affaires et Interim:
Earl H. Lubensky
Chief, Political Section

POL:ACH:svh

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cc: ARA, INR, GUYAQUITO

FORM 8-51 FS-439

REPORTER

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ACTION ASSIGNED TO

ACTION TAKEN

NAME OF OFFICER & OFFICE SYMBOL

DATE OF ACTION

DIRECTIONS TO RM/R

U.S. GOVERNMENT PRINTING OFFICE: 1957 O - 62220 (17)

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DEPARTMENT OF STATE
AIRGRAM
(Departmental and Foreign Service)

732.00/5-1962

A-489
NO. _____
CONFIDENTIAL

TO : Department of State
MAY 22 AM 1962 MAY 21 AM 11 31

FROM : Amembassy BRASILIA Office
DATE: May 19, 1962

SUBJECT : President Goulart Continues to Agitate for "Basic Reforms"

REF : Embassy Despatch 907

ACTION: RM/AN
INFO: ANALYSIS & DISTRIBUTION
RM/R FILES *file no action* 5-22/62

Action Copy

Twice during past ten days President Goulart has re-iterated basic theme his May Day oration, i.e., need for "basic reforms" via constitutional revisions. Made before labor audiences, (railroad and port workers) speeches unlike relatively moderate May 1 address contain demagoguery typical Goulart oratory prior assumption Presidency, and may be intended to set style Presidential (and FEB) approach this subject for duration electoral campaign, or at least establish his leftist "populist" position to offset alleged declining popularity among masses. May 14 speech to Santos dockworkers (which presently focus considerable press and political attention) typical this approach, in which President:

- (1) opens with lengthy enumeration his links to Brazilian labor and dead dictator Vargas;
- (2) then repeats refrain necessity urgent adoption of "basic" reforms if "social peace" and Brazil's "economic emancipation" to be achieved and "revolution" to be avoided;
- (3) re-iterates proposal grant (limited) constituent powers to next Congress in order secure basic reform legislation, while also questioning motives his opponents;
- (4) states flatly that constitutional revision essential to agrarian reform which will "benefit the people" (citing specifically necessity modify Constitutional stipulation prior cash indemnification for expropriated land);
- (4) denounces "piddling little" tax reforms and calls for "profound" revision tax and collection structure;
- (5) supporting elections now "privilege of the rich," calls for electoral law revision and labor solidarity order elect pro-reform (i.e., pre-Goulart) candidates to office;
- (6) again emphatically denies responsibility for present infla-

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Clearances: **Fraine**
Contents and Classification Approved by: **G**



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tionary situation which he intimated is responsibility Council Ministers.

These performances strengthen impression Goulart intends using "basic reforms" issue as device for stealing leftist thunder of Communists, Brizzola, Quadros and Co. in hope building self and party (PTB) into largest political force in Brazil as result October elections. Goulart obviously using both Council Ministers and Congress as convenient scapegoats, former to take blame for administration's failure control economic situation and latter to be taxed with sole responsibility government's failure to come to grips with "reforms" issue. Success this electoral effort would of course put Goulart in position virtually dictate terms "reforms" he desires to next Congress, which reportedly include both economic measures cited above and revision parliamentary system order considerably strengthen de jure powers of presidency.

On other hand, Goulart's return to leftist campaign demagoguery holds danger of possible revival split between forces Brazilian Left and Right and resultant return political instability of first months Goulart-Neves regime. Though extremely sharp conservative press reaction to President's Santos speech (centering largely on his stand on agrarian reform issue) and a revival of rumors (emphatically denied by War Minister) that key military commands will soon be shuffled point to greater measure political agitation, Embassy believes such agitation is an inevitable concomitant to election campaign and not (yet at least) harbinger of basic political instability. Goulart may well have over-played his hand this week but as experience has proven he is skilled practitioner of art reversing field rapidly when necessary.

GORDON
pk

HAG:ann:jw
5-17-62

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INCOMING TELEGRAM Department of State

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45-W
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FROM: Rio de Janeiro
TO: Secretary of State
NO: 2751, May 21, 8 p.m.

Control: 15362
Rec'd: May 21, 1962
INFO: 8:52 p.m.
RM/R FILES
APR/EST/6-1962
8-25-62

632,61
XR 833,191
732,200
Termination Utility
book file

Rio 2751

PRIORITY

ACTION DEPARTMENT 2751, INFORMATION MOSCOW 23, POLAD GINGARIB UNNUMBERED.

USIA
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Terrorism returned to Guanabara with discovery Saturday night of time bomb at Soviet commercial and industrial exposition, which was immediately closed pending further search of area and establishment stricter security measures. Retired Brazilian Air Force Major Jose Chaves Lameirao, participant Air Force revolts of 1956 and 1960 and former mental patient, reportedly has confessed placing bomb with help two unnamed "Communists" and is being held by Air Force. Lameirao himself apparently apprised state authorities of bomb and its location and was arrested on scene while participating with police and other state authorities (including Governor Lacerda) in search, which on their part was unsuccessful.

Bomb, which set explode 10:15 p.m. but failed do so because of defect in timing mechanism, actually was discovered by two Russian workers at Soviet exposition in place different but not far from that indicated by Lameirao. Detention these workers by state police for questioning brought Soviet Embassy and Foreign Office personnel into case and there ensued altercation between Soviets and police which led to arrest two Soviet diplomats, shortly released through Foreign Office intervention. Soviet exposition workers released after testifying before Air Force.

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According press President Goulart has expressed through Foreign Office. This copy must be returned to RM/R central files with notation of office copy.

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FOREIGN SERVICE DESPATCH

FROM : Amembassy RIO

914
NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

May 22, 1962
DATE

REF : Report No. 1, Amembassy RIO Despatch No. 891, May 14, 1962. MAY 24 1962

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SUBJECT: Brazilian Elections 1962, Report No. 4: A Status Report - Rio Grande do Norte

Table of Contents

- I. General
- II. Classification of Political Incumbents and Candidates
- III. The Governor
- IV. The Federal Senators
 - A. Incumbents
 - B. Possible Candidates
- V. The Federal Deputies
 - A. Incumbents
 - B. Possible Candidates

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U.S. GOVERNMENT PRINTING OFFICE: 1961 O-418115(17)

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Page 2 of
Encl. No. _____
Disp. No. 214
From: Embassy RIO

I. General

Rio Grande do Norte--with its parched and barren lands; its large agricultural estates; its lack of modern technology; its rural discontent; its lack of industry; its excess of population; its traditional political colonels (bosses); its popular leftist leaders; and its poverty--is, in many ways, a microcosm of the multiple economic, social, and political problems to be found in Northeast Brazil. On October 7, 1962, this state will elect a new state legislature, two new federal senators, and seven federal deputies.

The 1962 electoral campaign will reflect the continuing inter-ecine squabble within the National Democratic Union (UDN), the dominant party in the state. This intramural struggle is fundamentally a personal feud between incumbent Governor Aluisio Alves and his predecessor Dinarte Mariz; both are UDN leaders.

Ex-Governor Dinarte will be a candidate for both federal senator and federal deputy, and he will lead the anti-administration forces within the state. For the first time since leaving office in January 1961, Dinarte has returned to Rio Grande do Norte from his self-imposed exile in Rio de Janeiro. At the airport, upon his arrival in mid-April, he was greeted by an unexpectedly large and enthusiastic throng of pro-Dinarte (and/or anti-Alves) partisans. The Dinarte - UDN forces have already drawn up their list of candidates for the October elections (see Sections IV and V), but they have not yet publicly announced and launched their party tickets.

Governor Alves, whose term does not expire until January 1965, will continue to represent himself as the leader of the "new order" as opposed to the "old order" for Dinarte. He will place his first priority upon defeating Dinarte men in the elections for the State Legislative Assembly. It has been only recently (March 1962 after an "agreement" with three state deputies) that Governor Alves finally succeeded in obtaining a working majority in the legislature which now enables the passage of legislation sponsored by his administration. His second priority will be to achieve victory for his supporters in the elections for federal congress and thus obtain more cooperation in Brasilia for his ambitious developmental plans for Rio Grande do Norte. In addition to his dissident UDN group, Governor Alves will collaborate with the Social Democratic Party (PSD - still numerically the largest political party), the Social Progressive Party (PSP), the Brazilian Labor Party (PTB), and the extreme leftist groups under the leadership of the Mayor of Natal, Djalma Maranhão.

While Dinarte Mariz will be forced to defend himself against the continuing charges of corruption, which hail back to his term in office, Governor Alves may also be vulnerable to attacks regarding non-fulfilled campaign promises and political insincerity. Governor

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Alves, with his political future at stake, will campaign hard for those candidates who can help him achieve positive political and economic results during the remaining two years of his gubernatorial mandate.

Social and economic problems and their plans for economic development will undoubtedly be featured at all political rallies this year by most Rio Grande do Norte politicians.

Political traditions in Rio Grande do Norte are changing. New techniques have been adopted that have weakened the dictatorial control by the political colonels (bosses) over the rural vote. The success of Aluisio Alves "Caravan of Hope" that penetrated these interior political strongholds in 1960 was symptomatic of the trend and at the same time gave the greatest impetus to the evolution of the rural electoral masses. In 1960, Aluisio Alves used the services of a São Paulo advertising agency with good effect to help design his campaign. This year he is using a Rio de Janeiro firm to poll public opinion before he chooses his candidate and issues.

As a result of this electoral evolution, the local politicians are being increasingly forced to modify their strategy and tactics. They are beginning to appeal more directly to the people and are placing less reliance upon party machinery. Political slogans and propaganda are assuming a more "popular" and often leftist slant.

The leftists, representing a disciplined bloc of urban votes under the direction of Natal Mayor Djalma Maranhão and his communist brother, Luiz, will be courted by many political factions. Their influence will be stronger than their actual number at the polls. The resultant bargains should be advantageous to specific leftist causes--either in votes or financing.

The Catholic Church in Rio Grande do Norte, under the resourceful leadership of Bishop Eugenio Salles, represents one of the most progressive elements in the Northeast against the encroachments of communism and the radical land reform group, the Ligas Camponesas. Although the Church newspaper A Ordem recently criticized the Alves administration for lack of faith and "scandals", it is doubtful that the Church in this year's campaign in Rio Grande do Norte will attempt any direct participation or effort to influence the election. Bishop Salles is presently on good terms with both Alves and Dinarte and his opposition to Djalma Maranhão is expressed in social work and education rather than public criticism.

II. Classification of Rio Grande do Norte Political Incumbents and possible Candidates. (According to categories described in Brazilian Elections Report No. 1, Amembassy RIO Despatch 891).

A. Communist or Crypto-Communist (Category I)

1. Natal Mayor Djalma Maranhão, Independent.

B. Leftist Ultra-Nationalist (Category III)

1. Natal Vice Mayor Luiz Gonzaga de Santos, PTB

C. Centrists (Category V)

1. Governor Aluisio Alves, UDN-dissident
2. Vice Governor Walfredo Gurgel, PSD
3. Senator Jeronimo Dix-Huit Rosado Maia, UDN
4. Senator Reginaldo Fernandes, UDN
5. Odilon Ribeiro Coutinho, UDN (possible senatorial candidate)
6. Federal Deputy Tarcisio Maio, UDN
7. Federal Deputy Clovis Motta, PTB
8. Federal Deputy Xavier Fernandes, PSP
9. Federal Deputy Djalma Marinho, UDN
10. Federal Deputy João Frederico Galvão, UDN
11. Grimaldi Ribeiro, UDN - dissident (possible Federal deputy candidate)
12. State Deputy Carvalho Neto, UDN
13. State Deputy Vingt Rosado, UDN

D. Conservative (Category VI)

1. Ex-Governor Dinarte Mariz, UDN
2. Senator Teodorico Bezerra, PSD
3. Senator Sergio Marinho, UDN
4. Federal Deputy Jessé Freire, PSD
5. State Deputy Aluisio Bezerra, PSD
6. Ademar Cirilo, UDN (possible deputy candidate.)

III. The Governor (Election - 1964)

ALUISIO ALVES. UDN (dissident). Born: August 11, 1921; Angicos, RN. Elected to the National Constituent Assembly in 1945 at the age of 23, Alves has divided his career between journalism and politics. Mercurial and egotistical, he is a tireless worker and a persuasive speaker. A former colleague of Guanabara Governor Carlos Lacerda on the *Tribuna Da Imprensa*. In Rio de Janeiro, he is the director of a newspaper and a radio station in Natal. He has spared no effort in his vindictive duel with the forces of ex-Governor Dinarte Mariz for control of the UDN party machinery. Extremely

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Enc. No. _____
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From AMEMBASSY RIO

ambitious and politically dexterous, he has developed an ambitious program of economic development for RGN. Disappointed that the official report to the U.S. Government by the Northeast Study Team, headed by Ambassador Merwin Bohan, recommended no specific aid for his administration, he sharply criticized the concept of the Alliance for Progress (March, 1962). Alves will (and does) collaborate with leftists for reasons of political expediency. (Some political antagonists say that he is a potential Fidel Castro.) While he describes himself as a nationalist (neither pro-nor anti-U.S.), his political philosophy appears to be only moderately left of center. Centrist.

IV. Senators

A. Incumbents.

1. Jerônimo DIX-HUIT ROSADO MAIA. UDN. Born in Mossoro, Rio Grande de Norte on May 21, 1912. He is the eighteenth of twenty-one children, all of whom are numbered in French. His family pioneered the Brazilian gypsum industry. With time out for revolutionary activities in 1930 and 1932, Dix-Huit obtained his medical degree in Bahia in 1935. In 1947 he entered politics as a state deputy, at the same time his brother Dix-Sept (who died in 1951 in an airplane crash) was elected governor of RGN. Dix-Huit was elected federal senator in 1958, the same year that his brother, Vingt, was elected State Deputy. (Vingt, in 1960, was defeated in his bid for the vice-governorship.) Dix-Huit has traveled extensively and has visited many communist countries. He has long preached the necessity for Brazil to trade with "all" (i.e. - Soviet bloc) countries. His friends report that he is anti-communist and is a completely reliable person. The Rosado Maia family, now led by Dix-Huit, is strongly influential in the western (Mossoro) portion of the State. Although not up for re-election this year, Dix-Huit will be active in the political campaign. He returned to the UDN in 1958 after a temporary alliance with the PR. Centrist.

2. REGINALDO FERNANDES de Oliveira. UDN. Born: August 24, 1903; Natal, RGN. A physician and noted phthisiologist, he is politically rather obscure in his home state. His friendship with former President Cafe Filho is undoubtedly his greatest political asset. He has spent more time in Rio de Janeiro as the President of the Brazilian Tuberculosis Association and Director of the Department of Tuberculosis of the Federal District than he has in Natal as a professor at the local school of medicine. He has also been active journalistically; he was once an editor of the Diario de Noticias in Rio de Janeiro. His interests in Brasilia have apparently been limited to public health matters and the problem of drought in the Northeast. His appearance is distinguished by his baldness and his goatee. He will probably not be a candidate for re-election in October, 1962. Centrist.

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3. SERGIO BEZERRA MARINHO. UDN. Born: July 30, 1903 at Nova Cruz, RGN. A retired Army colonel, who is seldom seen in RGN, Marinho is also scheduled to step out of RGN politics this year. His previous political experience was obtained as State Secretary-General and interim federal Intervenor (administrator) during the 1930's. Conservative.

B. Possible Candidates

1. TEODORICO BEZERRA. PSD. Age: between 60-65. Now completing his fourth term as a federal deputy, Bezerra has stated that in 1963 he will return to Brasilia as a federal senator. His certainty of being elected is shared by most local political pundits who see little chance of Bezerra being defeated. One of the strong men of RGN politics, he makes the decisions for the PSD. A traditional Northeast conservative politician, he is loudly anti-communist, anti-Brasilia, anti-military, and slightly anti-Coulart. While visiting the U.S. in January, 1962 he broke his arm, but he apparently enjoyed his exposure to the U.S. despite this incident. In Natal, he is the concessionaire of the state owned hotel. Conservative.

2. DINARTE de Medeiros MARIZ. UDN. Born: Serra Negra do Norte, RGN; August 23, 1903. A career politician with only an elementary education, Dinarte's first electoral post was as the Mayor of Caicó, RGN. From Caicó, he went on to be a federal senator and, from 1957 to 1961, the Governor of RGN. His 1956 gubernatorial victory was largely due to a protest vote against the control and corruption of the traditional PSD governmental machinery, but his administration proved itself to be little different from its predecessors. Despite his candidate's loss in 1960 and a subsequent campaign of defamation by Governor Alves, Dinarte still has the loyalty of the bulk of the UDN (anti-Alves) organization in the state. Dinarte, a personable but rather lazy (noted for his continued absence from office) person, will probably be listed as both a senatorial and a deputy candidate to attract extra votes for the UDN cause. Dinarte should win a deputy seat without much trouble, and he is also one of the favorites in the senatorial race. Conservative.

3. ODILÓN Ribeiro COUTINHO. UDN. A tight-fisted and prosperous businessman, (sugar holdings and President of the RGN Electric Company), Coutinho may be Governor Alves' personal candidate in the senatorial race. His money and Alves' continuing popularity plus the advantage of the backing of the state administration will make Coutinho a tough candidate. Centrist.

4. JESSÉ-Pinto FREIRE. PSD. Born: Macáiba, RGN, November 19, 1918. Now completing his first term as a federal deputy, Freire could be a prototype of the American success story. With little if any formal education, he started his business career as an ice cream peddler, whereas today he is one of the RGN's wealthiest citizens, owning three different commercial enterprises. His political career was launched in Natal as a city councilman and then state legislator. A conservative politician, he will be Teodorico Bezerra's running mate on the PSD ticket for the two available senate seats. Freire has visited the U.S. He is anti-Communist. Conservative.

5. TARCISIO de Vasconcelos MAIA. UDN. Born: 1916 in Paraíba. Kin to both Senator Dix-Huit Rosado Maia (RGN) and Deputy Joao Agripino (Paraíba), Tarciso entered politics after he became the Secretary of Education in Governor Dinarte Mariz' cabinet (where he was credited with doing an exceptionally good job.) In 1958, he was elected to the Federal Chamber. He is a physician (University of Bahia, 1939) and a former schoolteacher (Mossoró). His performance in the Chamber has been quite good by Northeastern standards. The UDN will use him as Dinarte's electoral companion in the senatorial race. Centrist.

6. DJALMA MARANHÃO. (Independent). Age 45-50. Maranhão, the popular leftist Mayor of Natal, has also been mentioned as a senatorial candidate. Political banners and slogans had already popped out in early April to publicize his candidacy. Maranhão himself stated that he is not overly interested in becoming a senator since he believes the Mayor's job, at this time, to be more important. The Vice-Mayor, Luiz Gonzaga de Santos (PTB), perhaps for reasons of personal ambition (to take over the Mayor's reins), is ram-rodging the "Djalma For Senator" campaign. Maranhão, one of the key Brazilian nationalist leaders, is anti-American and pro-Communist (if not Communist). Crypto-Communist.

V. Federal Deputies

A. Incumbents.

1. TEODORICO BEZERRA. PSD. (see Possible Senatorial Candidates).
2. JESSE PINTO FREIRE. PSP. (see Possible Senatorial Candidates).
3. CLOVIS COUTINHO da MOTTA. PTB. Born: June 21, 1928 in Campina Grande, Paraíba. Educated as a chemical engineer (University of Recife, 1951) and a lawyer, he was

first elected as a state deputy in 1954 and won his present post in 1958. He also served as the President of the RGN Federation of Industries from 1956 to 1958. His family wealth has aided his political career. He was originally allied with the Maia (UDN) forces in the interior but following an argument with Dix-Huit he joined the PTB. To win again he will require a solid backing from the PTB - something that he is not likely to achieve although he is the titular head of the Party in RGN. Centrist.

4. XAVIER FERNANDES. PSP. Age: about 50. A physician, formerly a high official in the Ministry of Health, he is completing his first term as federal deputy. He is the head of the small PSP party. Centrist.

5. DJALMA Aranha MARINHO. UDN. Age: mid-50's. Marinho lost to Aluisio Alves in the 1960 gubernatorial campaign. He is a well known lawyer and has taught international law. He has also served as the attorney (procurador) for the Ministry of Finance and for the U.S. Army in Natal during World War II. Despite his gubernatorial election loss to Alves, he remains a popular and respected politician. On nationalistic issues, he takes a moderate stand. Centrist.

6. TARCISIO de Vasconcelos MALA. UDN. (See Possible Senatorial candidates).


7. JOAO FRDERICO Abbott GALVAO. UDN. Age: about 38. Elected as an alternate, he is presently serving in the seat resigned by Governor Alves. He formerly headed the RGN Commercial Association. Some sources say he has a great native ability to confuse issues and to make mistakes. Despite this and his relative lack of activity in the Chamber, he possesses a good reputation among the RGN voters. He is described as a good politician. His younger brother, Fernando, is a Brazilian diplomat. Centrist.

B. Possible Candidates

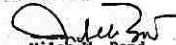
1. GRIMALDI RIBBIRO. (UDN - Dissident pro-Alves). The present State Secretary of Education, he has reportedly served as Chief of Protocol for three Brazilian Presidents: Getulio Vargas, Cafe Filho, and Juscelino Kubitschek. Despite (or, perhaps, because of) this polished background, he has a great ability to antagonize people. But as an administrator, he is respected. He also served as Secretary of Education for Dinarte Mariz but resigned at an opportune moment to join forces with Aluisio Alves. Alves' support will strengthen his candidacy this year. Centrist.

2. ODILÓN RIBEIRO COUTINHO. (UDN-Dissident, pro-Alves)
(See Possible Senatorial Candidates).
3. ALUISIO BEZERRA. PSD. The present leader of the majority in the State Assembly, Bezerra will be backed by his uncle, Teodorico Bezerra, the PSD machine, and Governor Aluisio Alves. The younger Bezerra is a Natal businessman. Conservative.
4. Dinarte MARIZ. UDN. (See Possible Senatorial Candidates).
5. CORTEZ PEREIRA. UDN. A state deputy; intelligent; leader of the Alves opposition in the State Legislature. Centrist.
6. CARVALHO NETO. UDN. A state legislator; from a well known family in interior RGN. His personal reputation is termed so-so, and his performance in the legislature has been uninspired. Centrist.
7. VINGT ROSADO. UDN. Younger brother of Dix-Huit; state legislator since 1958; defeated in 1960 campaign for Vice Governorship by Priest Walfredo Gurgel. He is a respected leader of RGN interior politics. He should be a popular candidate for federal deputy. Occupation: rancher. Centrist-Conservative.
8. ADEMAR CIRILO. UDN. A Major in the Brazilian Army, Cirilo served as the Secretary of Security in Dinarte Mariz' cabinet. Anti-Communist. Conservative.

For the Ambassador:


Edward L. Walters
Second Secretary of Embassy

APPROVED BY:


Niles W. Bond
Deputy Chief of Mission

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USIS; Econ (2); Labor, Pol Brasilia (5); Pol Rio (5);
Pol II, Min. Saccio, CG Henderson; C.F. (3)

POL:ETWalters:cgm

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ACTION/ DEPARTMENT 3037, INFORMATION RIO DE JANEIRO 21

RIO'S TELEGRAM 23 2:15 PM *Dist*

BOMB PLOT AGAINST SOVIET EXHIBITION IN BRAZIL INITIALLY RECEIVED PROMINENT AND RELATIVELY STRAIGHT COVERAGE IN SOVIET PRESS. IN FIRST COMMENTARY IZVESTIYA MAY 22 ATTACKS "REACTIONARY CIRCLES" FOR ALLEGED PLAN "BLOW UP SUCCESSFULLY DEVELOPING BRAZILIAN-SOVIET RELATIONS". WRITTEN BY SPECIAL CORRESPONDENT MIKHAILOV, ARTICLE SINGLES OUT GOV. LACERDA AS MAIN TARGET. IT CHARGES; LACERDAS POLICE BEHAVED WITH INEXCUSABLE HOSTILITY AGAINST SOVIET EXHIBIT AND EMBASSY PERSONNEL; THE CONFESSED CULPRIT HAS PAST RECORD FASCIST PUTSCH ATTEMPTS CONNECTED WITH LACERDAS NAME; LACERDA ATTEMPTED CLOSE EXHIBITION MAY 20 ON SECURITY GROUNDS AND THREW INTO QUESTION CONTINGED OPERATION EXHIBITION.

THOMPSON

DT/JTC

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FOREIGN SERVICE DESPATCH

732.00/5-2362

FROM : Embassy RIO DE JANEIRO

938 NO.

May 23, 1962

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : Brazilian Election Report No. 4, Embassy Rio Despatch No. 4, MARS 22, 1962

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| REC'D 5-30-62 | | AIR | ARMY | CIA | NAVY | OSD | OCB | USA | NSA | | | | | | | | | |

SUBJECT: Brazilian Election Report No. 5 - Governor Alves Conducts a Public Opinion Poll in Rio Grande do Norte

In February and March of this year, an extensive and comprehensive public opinion poll was conducted in the northeastern Brazilian State of Rio Grande do Norte at the request of Governor Aluisio Alves. It was designed and supervised by the JMM Agencia, Ltda, a small but reputable advertising agency in Rio de Janeiro. IBOPE (Instituto Brasileiro de Opinião Publica e Estatistica) conducted the poll, talking to more than 5,000 individuals in twelve counties in the state.

Mr. Moacir Medeiros, President of the JMM firm, revealed confidentially to the reporting officer some of the results of this survey. The most interesting of these are enclosed. Efforts will be made at a later date to obtain the complete report.

This poll indicates Governor Alves' interest in popular attitudes toward a variety of subjects: his administration and personal popularity, his campaign against the State Legislature and the State Tribunal, the Alliance For Progress, the major problems of the state, the parliamentary system vs the presidential, and the potential federal deputy, senatorial, and presidential candidates. In general, the survey reflected that (1) Governor Alves has maintained his popularity, (2) Juscelino Kubitschek is presently the most popular choice to be the next President of Brazil, (3) the presidential system of government is still preferred, (4) anti-Fidel Castro sentiment is numerically stronger than pro-Fidel Castro sentiment, and (5) most people have not yet heard about the Alliance For Progress.

*Only after seeing the results of this survey did Governor Alves make his televised criticism of the Alliance For Progress. (See Weeka No. 10, March 15, 1962)

POL:EWalters/RM:Sancho

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U.S. GOVERNMENT PRINTING OFFICE: 1961 O-412218 (1)

FILED JUL - 6 1962



COMMENT: The limitations of such polls, including the prevailing Brazilian tendency to use them to prove a point, are recognized. Nevertheless, this poll appears to have been reasonably well done and is of interest both as an indication of election techniques used by Governor Alves and of issues of concern to him and some of his constituents. Before making such critical decisions as which candidates to back and what issues to debate, Governor Alves has taken this precaution of basic research to assist him in the mapping of his election year strategy. In his 1960 gubernatorial campaign, Governor Alves contracted a São Paulo advertising agency to assist him. The JMA Agency was similarly employed, with seemingly effective results, by winning Minas Gerais gubernatorial candidate Magalhaes Pinto in the same year (1960).

For the Ambassador:

Enclosure *[Signature]*

[Signature]
Edward F. Walker
Second Secretary of Embassy

APPROVED:

[Signature]
Hiles W. Bond
Deputy Chief of Mission

Distribution: Amb; All Consulates in Brazil; Service Attaches; USIS, Econ (2), Labor, Pol Brasilia (5), Pol Rio (5), Pol II, Minister Saccio, CG Henderson, CF (3)

0054

Excerpts From A Public Opinion Poll
Rio Grande do Norte, Brazil.

1. Have you heard of the Alliance For Progress?

Yes: 53% in Natal.

Yes: 13% in Currais Novos.

Yes: 14% in Mossoró.

Yes: 16% in Pau de Ferros.

2. (Of those who had heard of it) Do you believe the Alliance For Progress
will bring effective help?

Yes: 44% in Natal. No: 41% in Natal.

Yes: 55% in Currais Novos. No: 24% in Currais Novos.

Yes: 39% in Mossoró. No: 57% in Mossoró.

Yes: 50% in Pau de Ferros. No: 21% in Pau de Ferros.

3. Regarding the Alliance For Progress; in Natal:

82% of those with a college education had heard about it.

62% of those with a secondary education had heard of it.

20% of those with a primary education or less had heard of it.

4. Regarding the Alliance For Progress; in Natal:

59% of the "rich" had heard about it.

31% of the "middle class" had heard about it.

17% of the "poor" had heard about it.

5. What is the most pressing problem of the State?

In Natal: 40% said "electricity." 31% said "health."

21% said "education." 12% said "agriculture."

8% said "roads."

In Currais Novos: 37% said "health."
21% said "education."
19% said "electricity."

6. Do you approve of the renewal of diplomatic relations with the USSR?

| | |
|----------------------------|---------------------------|
| Yes: 40% in Natal. | No: 28% in Natal. |
| Yes: 18% in Currais Novos. | No: 34% in Currais Novos. |
| Yes: 31% in Mossoró. | No: 32% in Mossoró. |
| Yes: 21% in Pau de Ferros. | No: 31% in Pau de Ferros. |

7. Do you believe that Brazil should be closely allied with the Cuba of Fidel Castro?

| |
|---------------------------|
| Yes: 7% in Natal. |
| Yes: 2% in Currais Novos. |
| Yes: 14% in Mossoró. |
| Yes: 3% in Pau de Ferros. |

8. Do you believe that Brazil should actively oppose, or intervene directly against, the Cuba of Fidel Castro?

| |
|----------------------------|
| Yes: 34% in Natal. |
| Yes: 33% in Currais Novos. |
| Yes: 21% in Mossoró. |
| Yes: 41% in Pau de Ferros. |

9. Do you favor a policy of strict neutrality regarding Cuba?

| |
|----------------------------|
| Yes: 19% in Natal. |
| Yes: 20% in Currais Novos. |
| Yes: 27% in Mossoró. |
| Yes: 12% in Pau de Ferros. |

10. Which system of government for Brazil do you prefer?

In Natal, 14% favored the parliamentary system.
57% favored the presidential system.
29% didn't know.

11. Who would be your choice for President if an election were held today?

In Natal:
Juscelino Kubitschek: 48%.
Janio Quadros: 20%.
Leonel Brizzola: 12%.

12. Opinions regarding the work of the State Legislature: *

In Natal:
8% - considered it excellent.
18% - considered it good.
15% - considered it fair.
11% - considered it bad.
18% - considered it disgraceful.
30% - had no opinion.

(*object of continuing attack by Governor Alves).

13. Opinions regarding the work of the State Tribunal: *

In Natal:
9% - considered it excellent.
25% - considered it good.
12% - considered it fair.
8% - considered it bad.
10% - considered it disgraceful.
36% - had no opinion.

(*object of recent criticisms by Governor Alves)

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14. Opinions regarding the administration of Governor Aluisio Alves:

In Natal:

- 50% of the women considered it excellent.
- 37% of the men considered it excellent.
- 45% of those with a primary education considered it excellent (36% = good).
- 23% of those with a college education considered it excellent (43% = good).
- 46% of the "poor" people considered it excellent (39% = good).
- 50% of the "rich" people considered it excellent (38% = good).
- 81% of those who voted for Alves in 1960 would vote for him again (11% wouldn't).
- 44% of those who did not vote for Alves in 1960 would vote for him now (36% still wouldn't).

In other areas:

| | Excellent | Good | Fair | Bad | Horrible | No Opinion |
|---------------|-----------|------|------|-----|----------|------------|
| Currais Novos | 35% | 47% | 10% | 1% | 2% | - |
| Mossoró | 21% | 36% | 20% | 5% | 9% | - |
| Pau de Ferros | 12% | 42% | 19% | - | - | - |

0058

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FROM : Amembassy BRASILIA Office

939

TO : THE DEPARTMENT OF STATE, WASHINGTON.

May 24, 1962

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SUBJECT: Augusto Frederico Schmidt Criticizes 'Alliance for Progress' and Brazilian Foreign Policy

There follows a translation, in toto, of an interview with Augusto Frederico Schmidt, published in the weekly Manchete May 26, 1962. As the Department is aware, Schmidt was a close adviser to Juscelino Kubitschek during his term as President (1955-60), and continues in a similar capacity.

Comment follows the translation.

Q--What reforms do you judge to be most necessary for Brazilian development?

A--None.

Q--Why?

A--Brazil very much needs development, as a result of which reforms will come naturally.

Q--But what about the fact that men dedicated to the study of Brazil's problems affirm that it is from these reforms that there will be born true development?

A--They can give a thousand laws to the people and no food and they will see that nothing will be accomplished. It is absolutely necessary above all else to give economic capacity to the people. The rest will come afterward.

HWeiner:jw

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Q--How then can development be accomplished, in order that reforms come later?

A--Operation Pan Americans, replaced and undermined by the Alliance for Progress, foresaw all: true economic development and not North American philanthropy.

Q--In that case, you are opposed to the Alliance for Progress?

A--I am not exactly against the Alliance; I consider it innocuous as presently postulated. The North Americans do not yet understand that development is not accomplished by building sewers but by promoting economic strength.

Q--In that case, you agree with Ernesto "Che" Guevara who has nicknamed the Alliance for Progress "the Aliança para a Casinha?"

A--There is an enormous difference between the thinking of the Minister of Economy of Cuba and mine: He is opposed to the Alliance for Progress; I merely do not believe it will get results.

Q--What could be done to correct this essential error in the Alliance for Progress?

A--To discuss it with the United States and convince them that they are not on the right road.

Q--Do you not believe there is a basic stumbling-block to such a discussion, inasmuch as it is Washington that requires reforms not of Brazil alone but of all Latin America?

A--I think it very suspicious that the false leftists of Brazil and the promoters of the Alliance for Progress are united in clamoring for these reforms. These surely will bear no fruit without a solid base of development. They give us social assistance without progress and we will have nothing.

Q--Well, you then consider the Alliance for Progress a "flop?"

A--It is fated to be. The United States needs to understand that Brazil does not have the same conditions as Puerto Rico. We are a continent. I think that Maffeo Marin and Teodoro Moscoso do not have the stature to tell us what we must do.

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INCOMING TELEGRAM

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Governor Leonel Brizzola of Rio Grande Do Sul May 22 made major bid for leadership Brazilian ultra-nationalism in speech over Rio television and nationwide radio network which virtually unparalleled for rabid demagogic anti-Americanism. Guest speaker before leftist "CANDIDO DE OLIVEIRA" students' organization of National Law School, Brizzola blamed US specifically or by implication for virtually all Brazil's afflictions.

Referring to influx US military "without passports" and State Department "experts in political machination", to US diplomats involved in propaganda, and to increasing encroachments of US business, he said Brazilian sovereignty being undermined by "new Roman Empire". He recalled Northeasterners had expelled Dutch, Rio the French and Rio Grande Do Sul the Spaniards during colonial period; invoked Tiradentes the precursor of Brazilian independence and Vargas Carta-Testamento; and pledged himself and his audience to fight relentlessly against the current oppressor.

Brizzola said "iron hand against destroyer of our sovereignty" is "fundamental" reform required in Brazil and added "our old friends, (phrase used sarcastically numerous times in speech) if do not agree come with families, learn Portuguese, live on cruzeiros, stop sending dollars abroad, cut umbilical cord tying them to center world capitalism, must be shown door". Had Russians or any other people acted as Americans have done "we would already be with arms in hand". Speech closed with statement no sacrifice, including loss life, too great for achievement Brazil's liberty.

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FROM : Amembassy ERASILIA Office 948

TO : THE DEPARTMENT OF STATE, WASHINGTON.

May 25, 1962

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SUBJECT: The First Congress of Farmers and Rural Workers of North and Northeast Brazil, Held at Itabuna, Bahia, May 13-16, 1962

According to press reports, 2,000 persons participated in the First Congress of Farmers and Rural Workers (Lavradores e Trabalhadores Rurais) of the North and Northeast of Brazil held the week of May 13 at Itabuna, Bahia 150 miles southwest of Salvador. The meeting was organized by an anti-Communist Catholic priest, Antonio Melo, (see Embassy Despatch 878, May 10) who is a self-declared rival of Francisco Juliao. He was assisted by other priests, chiefly Paulo Crespo. As he has in the past, Melo predicted violence in the Northeast within a few months if reforms are not instituted. However, the resolutions adopted at the close of the meeting were not extreme and principally stressed the importance of unionizing rural workers. A "National Confederation of Rural Labor Unions" was formed, to be headquartered in Recife. The need for technical assistance and expanded credit, as well as land reform, was emphasized. Melo praised SUDENE, but criticized President Goulart for reneging on a promise to give financial assistance to the meeting. He claims the Federal Government gave substantial support to a Juliao-sponsored meeting of rural workers at Belo Horizonte last November (see Embassy Despatch 495 of December 19).

The twenty-six resolutions adopted were as follows:

1. The unionization of rural workers is necessary and urgent. It is the last hope of the peasant.
2. It is necessary to strengthen rural unions by the development and increase in the numbers of authentic rural leaders.

HW:mer:jw

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Disp. No. 948
From Brasilia Office

3. We favor an independent and autonomous unionism. We repudiate union dues (imposto sindical).
4. We urge that rural workers, through their unions, be consulted in the drafting and approval of agrarian reform and social welfare legislation.
5. Rural unions, throughout Brazil, will fight unitedly for the urgent approval of agrarian reform and the creation of an Institute of Social Welfare.
6. Rural unions, in their fight to improve conditions for the rural worker, see him as a whole, body and soul, seeking to educate him and to inculcate social justice; therefore coordination is necessary with the Basic Education Movement (MEB).
7. To create an organizing committee for the National Confederation of Rural Workers Unions, based on those federations already created in Rio Grande do Norte, Pernambuco, Sergipe and Bahia and with those in other states.
8. To create the Institute of Pensions, Accidents and Stabilization for the rural worker.
9. To establish contracts for share-croppers, homesteaders and tenant farmers.
10. The rural worker is interested not in land only, but in technical and financial assistance.
11. That measures be taken to expand credit, for the benefit of all municipalities, by the participation of all official credit agencies.
12. That the Credit Department of the Bank of Brasil increase to a minimum of five months its repayment period for each individual farmer.
13. Agricultural cooperatives constitute the solution to most economic, social and cultural problems of the rural area.
14. An appeal is made to all organizations in the rural field, which are functioning badly or not at all, to be included in the stimulation of the agricultural cooperatives.
15. That SUDENE give priority to affording educational, medical and hospital assistance, and to dealing with the problems of water supply and electricity in those areas lacking them, principally the drought areas.

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- 16. That the Federal Government appropriate to SUDENE the necessary funds to execute with maximum urgency, its Operation Plan (Plano Diretor).
- 17. That preference be assured to rural workers in the acquisition of land occupied by them and put up for sale by their owners, with the necessary long term credit being extended at interest rates not to exceed six percent per annum.
- 18. Public lands which are suitable for agriculture should be utilized, with the public powers establishing colonization plans.
- 19. When there are no heirs, lands should be distributed gratis among the occupants of the land, provided they have resided there more than five years.
- 20. Unproductive latifundia should be expropriated in the public interest.
- 21. Lands belonging to the nation, whose tenants are not utilizing them to advantage, should pass to their occupants or to families without land, through legal processes.
- 22. Small inheritances should not be taxed. Taxes should henceforth be collected on a minimum of 100 hectares. When the heir depends on the land for his livelihood, his tax may be paid in fifteen monthly installments.
- 23. Enterprises engaged in monoculture, up to 500 hectares, should be obliged to devote ten percent of the total area to food crops.
- 24. Immediate transformation into law of the constitutional principle of the participation of the worker in the profits of enterprises, applicable to the rural worker.
- 25. Rent and residence contracts of any kind shall be extended to cover the next few years.
- 26. Food products of small properties shall be exempt from any tax.

For the Ambassador:

Harry Weiner
Harry Weiner

Second Secretary of Embassy

APPROVED:

Philip Raine
Philip Raine

Counselor of Embassy
for Political Affairs

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SUBJECT: Political Developments - Governor Leonel Brizzola and Ex-President Janio Quadros

Enclosed is a memorandum of conversation with Minister Nery Kurtz, recently resigned Assistant Attorney General and newly appointed Minister of the Supreme Electoral Court. The Department may find Justice Kurtz's comments on Rio Grande do Sul Governor Leonel Brizzola and ex-President Janio Quadros of interest. While Kurtz called Brizzola a demagogue and deprecated his importance, the reporting officer is not convinced the Justice thinks Brizzola is by any means all bad, but he was, nonetheless, genuinely concerned that Brizzola's most recent and violent anti-American diatribe made to Rio de Janeiro law students might be harmful to relations between the United States and Brazil.

Minister Kurtz has recently conferred with ex-President Janio Quadros and finds him still formidable politically, personally deteriorated from alcoholic over-indulgence and a grave potential danger to stability in Brazil.

In this connection it may be worth mentioning that New York Times correspondent Juan de Onis, after recent interviews with Brizzola, Mayor Arraes of Recife and leftist supporters of Quadros, has reached the conclusion that they have little hope of influencing the October election but expect that social and economic conditions will deteriorate thereafter and expect to take advantage of that deterioration for their own advantage. They apparently are convinced they are riding a revolutionary wave (whether together or separately,

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JUN 2 1962

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Brasilia Office

he was not certain) which cannot be stopped and which they intend to hurry along as best they can.

For the Ambassador:

Philip Raine
Philip Raine
Counselor of Embassy
for Political Affairs

Enclosure: *Att* *and m. m.*

Memorandum of Conversation
dated May 24, 1962.

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Enclosure 1
Despatch 954
Brasilia Office

MEMORANDUM OF CONVERSATION

May 24, 1962

PARTICIPANTS: Minister Nery Kurtz
Justice of the Supreme Electoral Court
Philip Raine, Political Counselor

PLACE: American Embassy, Brasilia

SUBJECT: Political Developments - Governor Leonel Brizzola
and Ex-President Janio Quadros

The following information was elicited from several conversations during the evening.

Minister Nery Kurtz

Justice Kurtz was named to the Supreme Electoral Court last week shortly after his resignation as Assistant Attorney General; he had served in the latter capacity during part of the Kubitschek Administration, during all of the short-lived Quadros Administration and more or less to date during the Goulart-Neves regime. Of German-Spanish descent, he is a well turned-out, handsome man in his fifties who looks closer to his early forties, resembling the Spanish side of the family rather than the German. He is known in Brasilia as an efficient and hard worker when he works, and a hard player when he plays. His wife and two sons of college age have not lived with him during the two years of his assignments in Brasilia. I gather from our conversation and his remarks to other of our dinner guests, several of them, who like him were Riograndenses with key positions in the government, that he has the confidence of the Goulart inner circle if he is not an actual member thereof.

Kurtz made it a point several times during the evening to expound his political and social philosophy which is apparently pro-private enterprise with some sort of mild socialism which would prevent extremes of poverty and wealth. He said several times, calling on the descriptions of friends and acquaintances who have visited the Soviet Union, that neither he personally nor Brazilians could abide the monotony and syndicate life of the Soviet system. He also at one point mentioned his distaste for the Swedish socialist experiment which, as he pointed out, has led to a very monotonous form of existence which has resulted in the highest suicide rate among the leading countries of the world.

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The Electoral Court and Eligibility of Cabinet Members

I asked Minister Kurtz whether he found his new job as demanding as that of Assistant Attorney General. He said that things were relatively quiet at the moment but he expected very soon that the Court would be up to its limits in handling important cases. He mentioned several cases involving eligibility of governors to run for public office in other states and the case of the length of the term of Governor Carlos Lacerda in Guanabara. When I mentioned the matter of eligibility (desincompatibilizaçao) of Cabinet ministers to run for office while still holding Cabinet posts, he said that indeed this would undoubtedly be a problem which the Court would have to consider. In all these cases he said (being careful to generalize) the Court in his opinion could not make decisions based alone on the letter of the law. Many factors would have to be taken into account, he added, including the possible social repercussions. In many instances, he said, decisions would have to be political as much as juridical.

Brizzola

On his own initiative Justice Kurtz brought up the recent speech made by Brizzola to law students in Rio de Janeiro, telling me that the United States should not become overly concerned about the demagoguery of his state governor. Brizzola, he said, (repeating usual statements by Riograndenses) has made a failure of his governorship and could not be re-elected to any public office in Rio Grande do Sul. He added that Brizzola has deliberately selected Rio de Janeiro for his campaign for federal deputy because the Cariocan is notoriously sympathetic to sensation-making, rabble-rousing extremists and he will probably get a heavy vote there. He said the United States should not lose sight of the fact that 90 percent of Brazilians like and favor the United States adding that this fact would be made apparent by the reception which would be given President Kennedy. He said this reception would be equalled only by that given to Franklin D. Roosevelt if it were not in fact even more enthusiastic. He went on to say with a laugh that while the Brazilian people admired Eisenhower and knew him as an outstanding world figure and hero, they could never be as enthusiastic about Republicans as about Democrats. Kennedy, he said, has captured the imagination of Brazilians.

Quadros

I asked Justice Kurtz whether he believed Brizzola and Quadros might join political forces. He said that he did not believe they would principally because Quadros cannot abide any strong political figure around him. He said that anyone in the Quadros camp who

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Enclosure 1
Despatch 954
Brasilia Office

gave signs of developing any strength of his own soon found himself on the rubbish heap. On the other hand, he admitted that both Brizzola and Quadros might reach some sort of agreement in the belief of each that he was using the other for his own purposes.

Recalling that he had known Quadros quite well and had worked closely with him during the seven months Quadros was in office, Kurtz said that he had recently met with the ex-President. He said that the man cannot yet be discounted and is apparently running fairly strongly in São Paulo. On the other hand, he said that he had been shocked at the deterioration in Quadros who had been drunk during all their long conversation which he understood to be a not uncommon condition. He went on to say that Quadros was the real danger in Brazil, capable of creating disorder and perhaps sparking a revolution in an effort to get back to power. He said that Quadros is infinitely more intelligent than Brizzola and has absolutely no scruples or principles as he had occasion to learn in dealing with him in juridical matters. He would join with or use the Communists or the extreme right with equal facility if he thought it would further his ends which are power.

Justice Kurtz said that Quadros had started his government very well, having taken many necessary and useful measures but that he himself had become convinced it would end up badly when Quadros continued to push his Cuban policy to the extreme of decorating Che Guevara. He said that he was in Brasilia during the August crisis and had satisfied himself that Quadros' resignation had been motivated by the purpose to gain dictatorial powers and close the Congress. He said that Quadros sent Goulart abroad knowing that the military was against him and expected that after his resignation the people would rise up demanding his return with full powers and that the military would do the same to keep Goulart from assuming office. He concluded with the remark that it was almost incredible that a man of Quadros' intelligence could have so badly misjudged Brazilians and his own popularity.

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TO : THE DEPARTMENT OF STATE, WASHINGTON.

May 25, 1962

REF : Amembassy Rio Despatch No. 891, May 14, 1962

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SUBJECT: Brazilian Elections 1962: Report No. 6: A Status Report - Ceara

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 - B. The Possible Candidates

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Page 2 of
Encl. No.
Desp. No. 950
From Rio de Janeiro

This is one of a series of political status reports - by state - regarding the 1962 elections in Brazil.

I. GENERAL

In the northeastern Brazilian state of Ceará, 1962 will be an active and, possibly decisive, political year. Elections will be held for governor, vice-governor, all of the federal deputies (now 18 in number but 21 in 1963 if the new reapportionment bill is passed this year), two of the three federal senators, all of the state legislators, and the mayor of Ceará's capital city, Fortaleza.

Ceará, long benefited by the "industry of the drought" (federal relief measures), is noted for the corruption of its politics. It is axiomatic that once elected to public office, a man automatically engages in dishonest practices for personal gain. In this atmosphere there is: (1) the normal antipathy and/or indifference to politics by many, and (2) a growing surge of crusading fervor for a change in Ceará's political tradition. Unfortunately most of the crusading is being done by leftist and student groups. A new movement, of a more conservative nature, has been started which proclaims the necessity of putting honest men in public office, but to date the movement has not announced any of the "honest" citizens that have been persuaded to enter the wild arena of Ceará politics.

In the gubernatorial race the incumbent administration of Parsifal Barroso (PTN-National Labor Party; formerly PTB-Brazilian Labor Party) is expected to exercise mostly negative influence because of his waning political popularity. Of the leading candidates, one - Adail Barreto, UDN (National Democratic Union) is a loudly vocal nationalist and leftist and will be a popular candidate if he can capture the UDN nomination. The PSD (Social Democratic Party) continues to be split into three major camps: a division caused by personality rather than philosophical conflicts. The candidacy of Armando Falcão, former Minister of Justice under President Kubitschek and once Majority Leader in the Chamber of Deputies, may be able to tie the party together again into a cohesive vote-getting machine. The PTB (Brazilian Labor Party), PSP (Social Progressive Party), the PR (Republican Party), and the PTN (National Labor Party) will probably sell their votes in the governor's race to either the PSD or UDN while they concentrate on the other offices. The PR will be primarily interested in the Fortaleza mayoralty race.

While the gubernatorial race will be important (particularly if Adail Barreto is the UDN candidate), the Fortaleza mayoralty race may be described as more critical, with a greater potential for future political repercussions. The presence of at least two popular leftist candidates (Pericles Moreira da Rocha, PR, and José de Moura Bezeza, PCB) and the present state of social and political unrest in the state capital could

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lead to the consolidation of leftist power in Fortaleza. As has been demonstrated elsewhere in the Northeast (Natal and Recife), an efficient communist run city administration can perform seeming administrative wonders in the normal chaos of municipal government and thus launch the political leader, and his organization, into subsequently more powerful and strategic posts. It seems evident that the communist strategy of winning control of key cities to be used as a base to take over state administrations, from which to influence and eventually dominate the Federal Government is being followed with some success in the Northeast.

The rains have come to Ceará this year so that the periodic and calamitous droughts will not be an immediate social and political problem during the elections, although there may be food shortages because of the still pressing food supply problems in other northeastern states. The main election issues will revolve primarily around the personalities of the campaigning politicians and the old and mutual cries of corruption and vice. The students, mostly allied to leftist causes and candidates, will be active. Leonel Brizzola, Governor of Rio Grande do Sul and nationalist leader, was scheduled to address the Ceará state student organizations (U.E.E. and U.N.E.) during a May 19-24 Congress. (The U.E.E.-State Union of Students- is still distributing Cuban leader Che Guevara's outlawed booklet on guerilla warfare).

The Catholic Church has shown increasing signs of interest in the deteriorating social and political conditions and is accelerating and expanding a literacy training course by radio and other social welfare and relief programs. The Church is still influential in the barren interior, where, reportedly, the Ligas Camponesas are still trying, with meager results, to gain a foothold.

Listed below are the names, and brief descriptions of the incumbent office holders and some of the possible candidates for the key political elections in Ceará this year.

II. Classification of Political Figures

(According to Categories Established by Report No. 1, Despatch No.891)

A. Communist or Crypto-Communist (Category I)

1. José de Moura Baless,
candidate for Mayor of Fortaleza.

B. Leftist Ultra-Nationalist (Category III)

1. Federal Deputy Adail Barreto Cavalcanti, UDN.
2. Federal Deputy Crysantho Moreira da Rocha, PR.
3. Former Fortaleza Mayor Acrisio Moreira da Rocha, PR.
4. Fortaleza Mayor Candidate Pericles Moreira da Rocha, PR.

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C. Non-Communist Radical Reformer (Category IV)

1. Federal Deputy Dager Serra, PSD.

D. Centrists (Category V)

1. Governor Parsifal Barroso, PTM.
2. Federal Deputy Flavio Costa Lima, UDN.
3. Former Minister of Transportation Armando Falcão, PSD.
4. Former Governor Raul Barbosa, PSD.
5. Federal Deputy Carlos Jereissati, PTB.
6. Federal Deputy Antonio Coelho Mascarenhas, PSD.
7. Federal Deputy Expedito Machado, PSD.
8. Federal Deputy Osiris Pontes, PTB.
9. Federal Deputy Edilson Távora, UDN.
10. Federal Deputy Paulo Sarasata, UDN.
11. Federal Deputy Alvaro Lins Cavalcanti, PSP.
12. Audisio Pinheiro, PSD, (Possible Deputy Candidate).
13. Moises Pimental, PSD, (Possible Deputy Candidate).
14. Vice-Governor Wilson Gonçalves, PSD.
15. Wilson Sanford, PTB, (Possible Deputy Candidate).
16. Ary de Sá Cavalcanti, PSP, (Possible Mayor of Fortaleza candidate).
17. José Claudio Oliveira, PSP, (Possible Mayor of Fortaleza candidate).

E. Conservatives (Category VI)

1. Federal Senator Francisco de Manazes Pimental, PSD.
2. Federal Senator Fausto Borges Cabral, PTB.
3. Federal Senator Fernandes Távora, UDN.
4. Federal Minister of Transportation Virgilio Távora, UDN.
5. Federal Deputy Martins Rodrigues, PSD.

6. Federal Deputy Euclides Wicar Pessoa, PSD.
7. Federal Deputy Edilson Távora, UDN.
8. Federal Deputy Leão Sampaio, UDN.
9. Federal Deputy Furtado Leite, UDN.
10. Federal Deputy Esmerino Arruda, PSP.
11. Federal Deputy Bonaparte Maia, PRT.
12. Federal Deputy Dias Macedo, PSD.
13. Federal Deputy Adolfo Gentil, PSD.
14. Fortaleza Mayor Cordeiro Neto, PSD.
15. Pedro dos Santos Teixeira, candidate for Mayor of Fortaleza.
16. Luciano Magalhães, UDN, candidate for Mayor of Fortaleza.

III. The Governorship

A. The Incumbent

1. José PARSIFAL BARROSO. Born: July 5, 1915; Fortaleza, Ceará. The Governor has left the ranks of the PTB because of lack of party support; he is presently attempting to align himself with the PTN (National Labor Party). Now in the final year of his mandate, Gov. Parsifal has not yet announced his plans for the coming elections. It is rumored that he may run for federal deputy in São Paulo or, less probably, Piauí. He has previously served as federal deputy for Ceará (1951-1955) and federal senator (1955-1957), and was appointed as Minister of Labor in 1957 by President Kubitschek. Governor Barroso is friendly to the U.S. and anti-Communist. (His son, Roberto, was an exchange student in the U.S. in 1960-61). The Governor's influence in the forthcoming campaign is likely to be a negative one; Ceará traditionally votes against the incumbent administration and Barroso has not been a strong or particularly effective governor. CENTRIST.

B. The Possible Candidates

1. ADAIL BARRETO Cavalcanti. UDN. Born: July 13, 1914; Iguaçu, Ceará. A practicing lawyer and graduate of the University of Ceará, he is now serving his third term as federal deputy. Intelligent and industrious, he will receive the full support of the leftists if he is nominated by the UDN for the gubernatorial race. In Brasília he is a stalwart member of the Frente Parlamentar Nacionalista. LEFTIST ULTRA-NATIONALIST.

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2. José FLAVIO COSTA LIMA. UDN. About 45 years old. A federal deputy, he was formerly President of the State Assembly, which position he left as the result of a legislative scandal in which he was involved. He is a political moderate who has not hesitated to criticize such things as the nationalist inspired profit remittance control bill in talks with students (whom he is courting assiduously in his campaign). Originally from Aracati, Ceará, he is now established in Fortaleza as an export-import agent. He is not considered to be a strong candidate. CENTRIST.

3. VIRGILIO Fernandes TÁVORA. UDN. Born in Ceará in 1919, Távora is the present Minister of Transportation and Public Works in President Goulart's cabinet. Supported by the Communist Party and the PSP, as well as the UDN in the 1954 Ceará gubernatorial elections, Távora lost to Parsifal Barroso after a hard and dirty campaign which many believed would mark the end of his political career. Despite this, his name is still being mentioned frequently as another possible entrant for the Ceará gubernatorial or senatorial race. His present position, for patronage purposes, is one of the most influential in the Cabinet. A little man, dour and non-committal behind his perennial dark glasses, he is an unusually colorless Brazilian politician. A brilliant organizer, he possesses a keen intellect; from early school days he always ranked first in his class - including the Escola Militar and the War College. His father, Manoel Fernandes Távora, is still a federal senator, and his uncle, General Juarez Távora - hero of the Getulio Vargas led revolt of 1930 and unsuccessful opposition presidential candidate in 1954 - is the leader of the Brazilian Moral Rearmament Movement. Although Minister Távora has visited Communist China and has collaborated with Communists, most associates consider him to be a political conservative. He still maintains his military commission (Lt. Colonel) although he has been in politics since 1950 when he was first elected a federal deputy. CONSERVATIVE.

4. José MARTINS RODRIGUES. PSD. About 50 years old. He is completing his second term as a federal deputy and is the elected PSD leader in the Chamber. As a jurist, he has reportedly held high posts in the Ministry of Justice. Although respected, he is still remembered as having been a germanophile prior to Brazil's entry into World War II. His political and social philosophy is still said to be tainted by Fascist leanings. But he is also reported by some to be a member of the PSD's left-leaning "Invisíveis" (Invisibles). Despite his record of moderation in the Chamber and possibly opportunistic associations with leftists, he's still regarded in Ceará as being basically conservative. CONSERVATIVE.

5. ARMANDO Ribeiro FALCÃO. PSD. Born on October 11, 1919 in Fortaleza, Ceará. He received his law degree from the Law School of the University of Rio de Janeiro in 1946. From a lower middle class background, he worked his way up through the civil service until he was President of the National Institute of Salt in 1949. He was first elected to the Federal Chamber of Deputies in 1950. In 1956 and 1957 he was recognized as the unofficial spokesman in the Chamber for War Minister Lott. In 1958 he was elected as the Majority Leader in the Chamber. He was appointed Minister of

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Justice in July, 1959; he held this post until the advent of the Janio Quadros administration in January, 1961. Falcão was considered to be one of the most influential members of President Kubitschek's cabinet. Political ability and achievements are his stock in trade. Because of policies followed by Falcão as Minister of Justice, he is generally unpopular with communists, ultra-nationalists, and leftist student elements. He appears to be basically conservative and mildly nationalistic. Since the Ceará PSD is presently split into several political camps, Falcão's name is being firmly pushed as the one gubernatorial candidate who could re-unite the party. CENTRIST.

6. RAUL BARBOSA. PSD. About 55 years old. He was the Governor of Ceará from 1951 to 1955 and is now serving his second (non-consecutive) term as the President of the Bank of the Northeast, a federal development bank. A jovial but shrewd individual and a good administrator, he has stated he would prefer to remain out of politics, but it is believed that he could be drafted as PSD's unity or sole candidate. Barbosa, in his capacity with the Bank of the Northeast, has shown himself to be anti-communist and friendly to the U.S. CENTRIST.

IV. Federal Senators.

A. Incumbents

1. Francisco de MENEZES PIMENTEL. PSD. Born in 1887. He was elected federal senator in 1958 following experience as a deputy in the Ceará Legislative Assembly (1929-1930), the Governor of Ceará (1935 to 1937), the Federal Interventor in Ceará until 1945, a federal deputy in 1954, and Minister of Justice in 1955. Since 1920, he has been a director of a Fortaleza school, Colegio São Luis. Now 75 years old, Pimentel will retain his senatorial post for four more years. A very conservative politician, who possesses many friends, he has much respect but little real authority within the PSD. CONSERVATIVE.

2. FAUSTA Augusto Borges CABRAL. PTB. Born October 21, 1909 in Fortaleza, Ceará. A businessman, owner of a Fortaleza radio station (Radio Cabral), bank director (Banco Credito Comercial), he will probably decline to run again in 1962 for the Senate seat which he assumed, as an alternate, when Parisfal Barroso became Minister of Labor in 1957. Although he has been President of the influential I.A.P.I. (Retirement and Pensions Institute for Industrial Workers), he is considered a political lightweight. CONSERVATIVE.

3. Manoel do Nascimento FERNANDES TAVORA. UDN. Born March 21, 1877 in Jaguaribe, Ceará. A graduate of medical school in 1903, he started his political career in 1913 as a deputy in the Ceará State Legislative Assembly. A political refugee in the 1920's, he was taken from a Ceará prison during the Revolution of 1930 to the Governor's Palace where he acted as the Interventor (Administrator) for eight months. During the late 1930's he joined the adamant opposition to the Estado Novo of dictator Getulio Vargas.

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In 1947 and again in 1954, he was elected to the Federal Senate. As the older brother of General Juarez TAVORA and the father of Minister of Transportation and Public Works Virgilio Tavora, he has been the principal architect in the building of the Tavora political dynasty in Ceará. Although possessed of an iron constitution, he is now 85 years old and has spent 55 active years in the political arena. Most observers believe he will retire from the political scene this year. His son, Virgilio, has already assumed control of the Tavora machine. CONSERVATIVE.

IV. Federal Senators

A. Possible Candidates

1. VIRGILIO Fernandes TAVORA. UDN. The Federal Minister of Transportation and Public Works who is also being mentioned as a possible gubernatorial candidate (see above). Minister Tavora has reportedly told friends that he will hold onto his present position rather than be a candidate this year.

2. CARLOS JEREISSATI. PTB. Born: December 2, 1917; Fortaleza, Ceará. Of Lebanese parentage, now completing his second term as a federal deputy, Jereissati is the State President of the PTB. An extremely wealthy merchant (and rumored contraband operator), he invests his resources strategically for maximum political gain. On the campaign platform, he talks like a good leftist demagogue for the benefit of his audience of laborers, but in practice his actions are politically moderate. He is influential in Ceará politics not only because of his wealth but also through his control of several federal institutes (pension and retirement funds) in the state. He has just successfully evicted Governor Barroso from the PTB ranks. He is one of the dominant figures in the Ceará political picture today. CENTRIST.

V. Federal Deputies

A. Incumbents

1. ADOLFO Campelo GENTIL. PSD. Born in 1919 in Fortaleza, Ceará. Educated at Rollins College (Florida) in the U.S. (specializing in economics and finance), he returned to Ceará and entered the banking business and was later the manager of a bank in Rio de Janeiro. One bank he owned in Fortaleza failed. He is still a director in several business firms. In 1954 he won a seat in the Federal Chamber and in 1958 hung on as a PSD alternate (Suplente). In 1959, as a member of a special congressional committee commissioned to study the activities of Shell Oil and Esso do Brasil, he strongly dissented from the committee's nationalistic findings and immediately earned the wrath of the leftist press and politicians. Well mannered and well liked by his associates, he is considered to be a weak candidate for re-election. CONSERVATIVE.

2. ANTONIO COELHO MASCARENHAS. PSD. About 40 years old, he was elected as an alternate in the 1958 elections. Not too well known in Ceara political circles, he is not considered a strong candidate in the 1962 elections. CENTRIST.

3. DAGER SERRA. PSD. Leader of the Federal Workers Union of Ceara, he was elected as an alternate but is now serving in the Federal Chamber. Politically, he leans toward the left. His chances of winning in 1962 are pictured as slim; he has been defeated in several previous campaigns. NON-COMMUNIST RADICAL REFORMER.

4. EUCLEIDES WICAR de Castro Parente PESSOA. PSD. About 40 years old, a well-to-do rancher, he is said to have won both the elections of 1954 and 1958 with the help of DNOCS' (national Department of Anti-Drought Works) financial help. He is also said to use DNOCS' heavy equipment on his ranch. In the Federal Chamber, he reportedly does little. CONSERVATIVE.

5. EXPEDITO MACHADO da Ponte. PSD. Born June 15, 1918; Cratius, Ceara. Now completing his first term as federal deputy after one term as a Ceara state legislator, he is a businessman interested primarily in economic matters. He has sponsored several bills which have (or will) redound to the benefit of the Fortaleza populace; one of these bills provides for subsidized low electricity rates while Fortaleza awaits cheaper hydro-electric power. He is the president of one of the large Fortaleza social clubs and is also the elected head of the Ceara Sportsmen's Federation. Because of his limited financial resources and despite his record of hard work and general popularity, local political pundits say it will be difficult for him to win again. CENTRIST.

6. JOSE MARTINS RODRIGUES. PSD.
(See Possible Gubernatorial Candidates)

7. CARLOS JEREISSATI. PTB.
(See Possible Senatorial Candidates)

8. OZIRIS PONTES. PTB. Age: 35-40. A former state deputy, he was elected in 1958 as an alternate on the PTB ticket. He is now serving in the place of the late Francisco Monte. A member of a traditional Ceara family, he is described as a political moderate. His brother is the President of the State Legislative Assembly. Both are good friends of Governor Barroso. CENTRIST.

9. ADANIL BARRETO Cavalcanti. UDM.
(See Possible Gubernatorial Candidates)

10. José EDILSON de Melo TÁVORA. UDN. Born: March 18, 1921; Iguatú, Ceará. A young engineer, a conservative politician, and a member of the Távora clan, he is much livelier than his cousin, Minister Virgílio Távora. While serving as the State Secretary of Agriculture, he once wounded a state deputy during a pistol fight in the Legislative Assembly. He is not a popular deputy. CONSERVATIVE.

11. Jorge FURTADO LEITE. UDN. About 50. From Crato, where he is a merchant, Furtado - a conservative politician - is considered to be something of a hill-billy. His general reputation is rated as so-so. He is now completing his first term. His brother, Cincinato, a state deputy, was assassinated last year, purportedly for political reasons. CONSERVATIVE.

12. LEÃO SAMPAIO. UDN. Also about 50 and from the deep interior city of Crato, Sampaio - one of the political bosses of the interior - has been elected as federal deputy twice - in 1950 and in 1958 (skipping the 1954 elections). Educated in Rio de Janeiro, he is a practicing physician. CONSERVATIVE.

13. PAULO SARASATE Ferreira Lopes. UDN. Born: November 5, 1908. Among the masses Sarasate is one of the better known, and respected, politicians. A lawyer, he was Governor of Ceará from 1955 to 1959. He has served three terms as federal deputy. A good speaker, he is also the owner of the Fortaleza newspaper, the O FOVO. His ability, popularity, and newspaper make him an influential politician in the area. He is fairly moderate in his political views despite his catering to the masses. CENTRIST.

14. José Flavio COSTA LIMA. UDN.

(See Possible Gubernatorial Candidates)

15. ALYARO LINS Cavalcanti. PSP. Born: December 14, 1920; Pedra Branca, Ceará. Now completing his second term as federal deputy, Lins is a lawyer by training and vocation and moderate in his political views. Neither his speaking ability nor his work record have been impressive to date, either in the Federal Chamber or on the campaign platform. CENTRIST.

16. ESMIRINO Oliveira ARRUDA Coelho. PSP. About 38 years old, Arruda has had the distinction of being dramatically accused by Guanabara Governor Carlos Lacerda of being a contraband operator. His general reputation is exactly that - "a good contrabandista" (which does merit respect in Ceará). His business acumen and resultant wealth have served him well politically. His activities in Brasilia are reported to be negligible. In June 1960, the PSP supposedly expelled him from their ranks, but on official rolls he is still listed as a member of this party. He has recently been involved in the Food For Peace dried milk scandal in Fortaleza. CONSERVATIVE.

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17. Crysantho MOREIRA da ROCHA. PR. Born July 22, 1905; Fortaleza, Ceara. A physician by education, Rocha spends little time politicking in Ceara. More time is reportedly spent with his undercover gambling casino in Rio de Janeiro. Described as a non-offensive person, now completing his third term, he is nationalistic in his political views as are his brothers, Pericles and Acrisio (former mayor of Fortaleza). A member of "the old guard of nationalists," Rocha opposed the Brazil-U.S. Military accord, and he has long favored the re-legalization of the Communist Party of Brazil. In March 1961, he visited the U.S. LEPTIST ULTRA-NATIONALIST.

18. BONAPARTE S&S Domingos Pinheiro MAIA. PRT. (Partido Rural Trabalhista) About 39, something of a clown, Maia first gained a regional reputation because of alleged smuggling and other illegal importing procedures in 1953. He was elected federal deputy by the PRT in 1958, but he is now practically without a party; he would like to become a member of the PTB, to which his younger brother, Salamão, a state deputy, belongs. Owner of a beautiful residence in Fortaleza, still active in business, and a ju-jitsu artist, he is politically conservative. It is generally recognized that he won in 1958 only because of his ability to purchase the needed amount of votes. He is fond of stating that "the U.S. needs to do more for Brazil." CONSERVATIVE.

V. B. Possible Candidates

1. José DIAS de MACEDO. PSD. Age: 43. The richest man in Ceará (jeep dealer, grain elevators, farm implement company, and other enterprises) is not presently exercising his mandate, won in 1958, in the Federal Chamber, but he is expected to be a candidate again. A self-made man, he entered politics by accident after his brother, a deputy candidate, died (rumored suicide) during the 1958 electoral campaign. His ostentatious display of wealth plus his suspected role in Ceará wheat shortages have made him a fat target for leftist spokesmen. CONSERVATIVE.

2. AUDISIO PINHEIRO. PSD. In his 40's, he is a rancher, a textile mill operator, and a merchant. A chemist by education, he possesses a relatively good reputation despite a smuggling scandal involving American automobiles. CENTRIST.

3. MOISES PIMENTEL, PSD (?) About 60 years of age, PIMENTEL is the owner of Fortaleza's sensationalist and leftist radio station, Dragão do Mar. Despite the radio station's tendencies, Pimentel - a bank president and a butane gas magnate as well as sugar plantation owner - is regarded only as a rich, and fairly conservative, businessman. His wealth and radio station can make him a strong candidate. CENTRIST.

4. WILSON GONCALVES. PSD. Age: 40's. As the present Vice-Governor, Gonçalves is unusually highly regarded and respected in many quarters that normally have little respect for Ceará politicians. A political moderate, his main voting strength is in his home district of Cariri. CENTRIST.

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5. MARCELO SANFORD. PTB. A friend of Governor Barroso, who is backing his candidacy. **CENTRIST**.

VI. The Mayor of Fortaleza.

A. The Incumbent

General CORDEIRO NETO. PSD.

A retired Army officer, he has apparently pleased no one during his term of office. He is alternately too vacillating and inactive or too abruptly decisive in charging off in the wrong direction. His career as a politician is considered to be at a close. **CONSERVATIVE**.

B. The Possible Candidates.

1. ARY de SA Cavalcanti. PSP. Dr. Sa is the Director of the School of Economic Sciences of the University of Ceara. In 1958, he lost to the incumbent mayor, General Cordeiro Neto. Dr. Sa must again receive the backing of the PSD if he hopes to become a strong candidate. **CENTRIST**.

2. PEDRO dos SANTOS TEIXEIRA. While not yet possessing a political party to back him, Professor Teixeira has already launched his own candidacy. About 50 years old, he is the director (and owner) of a Fortaleza commercial school. In his last political venture, he failed to gain a seat in the State Assembly. **CONSERVATIVE**.

3. Jose CLAUDIO OLIVEIRA. PSP. Age: about 37. A teacher of philosophy in a Catholic high school and president of a Fortaleza social club, Oliveira is described as a dynamic person with a good reputation. His lack of financial resources and the coolness of his party toward him weigh heavily against his candidacy. **CENTRIST**.

4. PERICLES Moreira da ROCHA or

ACRISIO Moreira da ROCHA. PR. Brothers of Federal Deputy Crysanto Moreira da Rocha, they are both mentioned as strong candidates. One, probably Acrisio, will eventually bow out to pave the way for the other's candidacy. Acrisio has already served as Mayor in 1946-1950 and 1954-1958; and though he was not accused of accomplishing much, he was a popular municipal leader. Pericles, the youngest (40's) of the brothers, is described as the most capable of the family despite being "half crazy." All are strong leftists. **LEFTIST ULTRA-NATIONALISTS**.

5. JOSE de MOURA BELEZA. About 35 years old, Belesa is a bank clerk (Banco do Brasil), is the head of the local bank employees union, and is the elected president of the Ceara inter-union congress. He is also described

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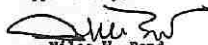
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as a communist, an effective speaker, and the leading agitator of labor and students in Ceara. He possesses a law degree and has made his pilgrimage to Cuba. An ambitious and able person, he could be a dangerously strong candidate. COMMUNIST or CRYPTO-COMMUNIST.

6. LUCIANO MAGALHAES. UDM. Age: early 30's. A state deputy now, he is a former student leader at the University of Ceara. Known as a conservative, he has already gained some early support from Fortaleza businessmen. CONSERVATIVE.

For the Ambassador:

Approved by:


Niles W. Bond
Deputy Chief of Mission


Edward T. Walters
Second Secretary of Embassy

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May 25, 1962
DATE

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SUBJECT: The First Congress of Farmers and Rural Workers of North and Northeast Brazil, Held at Itabuna, Bahia, May 13-16, 1962 *HRW*

According to press reports, 2,000 persons participated in the First Congress of Farmers and Rural Workers (Lavadores e Trabalhadores Rurais) of the North and Northeast of Brazil held the week of May 13 at Itabuna, Bahia 150 miles southwest of Salvador. The meeting was organized by an anti-Communist Catholic priest, Antonio Melo, (see Embassy despatch 878, May 10) who is a self-declared rival of Francisco Juliao. He was assisted by other priests, chiefly Paulo Crespo. As he has in the past, Melo predicted violence in the Northeast within a few months if reforms are not instituted. However, the resolutions adopted at the close of the meeting were not extreme and principally stressed the importance of unionizing rural workers. A "National Confederation of Rural Labor Unions" was formed, to be headquartered in Recife. The need for technical assistance and expanded credit, as well as land reform, was emphasized. Melo praised SUDENE, but criticized President Goulart for reneging on a promise to give financial assistance to the meeting. He claims the Federal Government gave substantial support to a Juliao-sponsored meeting of rural workers at Belo Horizonte last November (see Embassy Despatch 495 of December 19).

The twenty-six resolutions adopted were as follows:

1. The unionization of rural workers is necessary and urgent. It is the last hope of the present.
2. It is necessary to strengthen rural unions by the development and increase in the numbers of authentic rural leaders.

HW:mar:jw

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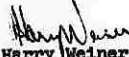
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| NAME OF OFFICER & OFFICE SYMBOL | RHC | DATE OF ACTION: 6-22-62 |
| | | DIRECTIONS TO RM/R: <i>file</i> |

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3. We favor an independent and autonomous unionism. We repudiate union dues (imposto sindical).
4. We urge that rural workers, through their unions, be consulted in the drafting and approval of agrarian reform and social welfare legislation.
5. Rural unions, throughout Brazil, will fight unitedly for the urgent approval of agrarian reform and the creation of an Institute of Social Welfare.
6. Rural unions, in their fight to improve conditions for the rural worker, see him as a whole, body and soul, seeking to educate him and to inculcate social justice; therefore coordination is necessary with the Basic Education Movement (MEB).
7. To create an organizing committee for the National Confederation of Rural Workers Unions, based on those federations already created in Rio Grande do Norte, Pernambuco, Sergipe and Bahia and with those in other states.
8. To create the Institute of Pensions, Accidents and Stabilization for the rural worker.
9. To establish contracts for share-croppers, homesteaders and tenant farmers.
10. The rural worker is interested not in land only, but in technical and financial assistance.
11. That measures be taken to expand credit, for the benefit of all municipalities, by the participation of all official credit agencies.
12. That the Credit Department of the Bank of Brasil increase to a minimum of five months its repayment period for each individual farmer.
13. Agricultural cooperatives constitute the solution to most economic, social and cultural problems of the rural area.
14. An appeal is made to all organizations in the rural field, which are functioning badly or not at all, to be included in the stimulation of the agricultural cooperatives.
15. That SUDENE give priority to affording educational, medical and hospital assistance, and to dealing with the problems of water supply and electricity in these areas lacking them, principally the drought areas.

16. That the Federal Government appropriate to SUDENE the necessary funds to execute with maximum urgency, its Operation Plan (Plano Diretor).
17. That preference be assured to rural workers in the acquisition of land occupied by them and put up for sale by their owners, with the necessary long term credit being extended at interest rates not to exceed six percent per annum.
18. Public lands which are suitable for agriculture should be utilized, with the public powers establishing colonization plans.
19. When there are no heirs, lands should be distributed gratis among the occupants of the land, provided they have resided there more than five years.
20. Unproductive latifundia should be expropriated in the public interest.
21. Lands belonging to the nation, whose tenants are not utilizing them to advantage, should pass to their occupants or to families without land, through legal processes.
22. Small inheritances should not be taxed. Taxes should henceforth be collected on a minimum of 100 hectares. When the heir depends on the land for his livelihood, his tax may be paid in fifteen monthly installments.
23. Enterprises engaged in monoculture, up to 500 hectares, should be obliged to devote ten percent of the total area to food crops.
24. Immediate transformation into law of the constitutional principle of the participation of the worker in the profits of enterprises, applicable to the rural worker.
25. Rent and residence contracts of any kind shall be extended to cover the next few years.
26. Food products of small properties shall be exempt from any tax.

For the Ambassador:


Harry Weiner
Second Secretary of Embassy

APPROVED:


Philip Raine
Counselor of Embassy
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Department agrees it undesirable give any encouragement or support Adhemar de Barros in Sao Paulo gubernatorial race.

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Drafted by: *HRW*
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FROM : Amcongen SÃO PAULO

282
NO.

May 25, 1962

TO : THE DEPARTMENT OF STATE, WASHINGTON.

1) São Paulo Despatch no. 11, July 3, 1958, subject: Visit to States

REF : of Mato Grosso, Goiás, and Interior of São Paulo

2) São Paulo Despatch no. 243, January 11, 1960, subject: Consul General

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SUBJECT: Visit to Mato Grosso Visits Mato Grosso & Goiás

Summary

Main impressions gathered by the Consul General and 2 other officers from the Consulate General in São Paulo on a 4-day visit to the State of Mato Grosso from May 14 to May 18, 1962 were as follows: Mato Grosso is a huge under-populated, under-developed state in the heart of South America which has great possibilities for the absorption of immigrants, both Brazilian and foreign. There is mal-distribution of land and wealth, and the living for much of the population is poor and primitive, but nature is fairly bountiful, and hunger is not a major problem. State and municipal authorities hope that Mato Grosso will not be overlooked in the Alliance for Progress, and believe it could serve as an excellent place of resettlement for many thousands of families from the northeast of Brazil with benefit to all concerned. The main economic needs of the State are roads and electric energy, and of the cities visited, water works and sewers. Communism has little hold in Mato Grosso up to now. The Ligas Camponesas are making an attempt, with reportedly little success, to stir up unrest in some areas. The State Government is moderate, and the authorities and people contacted seemed very friendly toward the United States. The União Democrática Nacional is the strongest political party. There is much popular support still for Janio Quadros, a native of Mato Grosso.

Accompanied by Mr. Richard S. Sampson of the Political Section and Mr. Herman Jelinek of the Economic Section, the Consul General made a visit May 14 - 18 to the cities of Cuiabá, Corumbá, and Campo Grande.

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in the State of Mato Grosso, which forms a part of the São Paulo consular district. Principal contacts were the authorities, civil, military and ecclesiastical, who received the Consulate General group very cordially, and seemed to appreciate the opportunity to show them and tell them of the accomplishments and the problems of Mato Grosso.

Cuiabá

In Cuiabá, the capital of the State, the Consulate General visitors were met at the airport by the Governor, Dr. Fernando Corrêa da Costa, the Archbishop of Cuiabá, Dom Orlando Chaves, the district army commander and the prefect of the city. The Governor was with the group during most of its stay in Cuiabá, and on the afternoon of their arrival met with them in his office and undertook to answer any questions. As this was the group's most important and closest contact in Mato Grosso, his views are set forth in some detail.

The Governor told the group: Mato Grosso has the largest reserve of good, unused agricultural land in Brazil. The mineral resources, particularly manganese and iron, are considerable; there is no coal or petroleum. The most pressing needs of the State are for more population (less than one inhabitant per square kilometer today), more roads, and more electric energy. The principal product is livestock, and the present production of rice, cotton, peanuts and coffee could be greatly expanded. It is the Governor's long-term aspiration to link the Amazon River system in the north to the Paraguay River system in the south to provide an interior transportation artery. The State actively encourages immigration, all law-abiding comers are welcome. For example, the Governor recently told the British Ambassador that Mato Grosso would be glad to receive immigrants from Kenya, but without their racist attitudes. Brazil and the United States need each other. Brazil has shown a lack of good judgment in its recent relations with the United States, and the United States has erred in giving too little attention to Brazil since the war. Mato Grosso wants Alliance for Progress help, particularly with its road construction program. The Governor expects to see Ambassador Gordon at a meeting in Urubupungá on May 26 and intends to ask the Ambassador to send a US survey team to Mato Grosso to help develop a realistic aid program for the State. As for local politics, Mato Grosso will elect 8 Federal Deputies this year and 2 Senators. There will be no extremists among them. The UDN is the predominant political party in the State at present and controls the governorship and most of the principal city governments. Dr. Fernando Costa is in his second term as Governor and appears to have close rapport with his people. Mato Grosso has been considerably disillusioned by its native son, Janio Quadros, but Quadros, who did much for the State during his few months as President, still has many adherents there. Quadros recently sent each State Governor a well-prepared documentation to remind him of what the Quadros administration had done for

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Following from Brasili:

Led by Euripides Cardoso de Menezes (Udn-Cuanabara) who presented motion censure Foreign Minister with 51 signatures succession of speakers have attacked Foreign Minister and Brazilian foreign policy principally on issues Cuban policy and large influx Soviets after resumption relations (mostly in connection with Rio de Janeiro Fair). To date defenders Foreign Minister in chamber have been few probably because unwilling until past few days take attacks seriously. However principal dailies Rio and Sao Paulo as well as others including entire Chateaubriand chain are giving wide coverage above attacks and to other criticisms including statement by Rio de Janeiro Cardinal Barros (reported Embassy weeks 20 item three). Dantas just returned from visits abroad due defend policy chamber tomorrow or Wednesday.

Leader anti-Communist Acao Democratica Parlamentar Group Joao Mendes (Udn-Bahia) which claims 158 members informs Embassy he is urging on this campaign and while he made two hour speech Friday attacking Dantas is not yet committing prestige of group to censure motion since can count no more than 70 to 80 votes of 165 needed.

However, states new development may change this situation. Large number Deputies unhappy with Prime Minister and cabinet on political grounds. Others are convinced that so long as cabinet must fall by early July on eligibility issue would be far better fall now order stop speculation

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 TO : THE DEPARTMENT OF STATE, WASHINGTON. May 29, 1962 DATE *Am*

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SUBJECT: Weekly Summary No. 22

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 5. Goulart Newspaper Attacks Brizola and São Paulo PTB

PSYCHOLOGICAL: 1. Local Press Reaction

POLITICAL

1. Electoral Poll Battle Heats

Public opinion polls are important campaign weapons in São Paulo, where candidates appear to share a conviction that all is fair in love, war, and elections. In this spirit, gubernatorial candidate Jânio QUADROS has been buying newspaper space to print the results of a poll taken in several São Paulo cities by a well-known national organization (Instituto Brasileiro de Opinião Pública e Estatística -- IBOPE). It shows him a little ahead of both José Bonifácio Coutinho Nogueira and Adhemar de Barros. Jânio's advertisement neglected to mention, however, that the poll was taken March 16-20. José Bonifácio and IBOPE promptly took other adds to point this out. The latest IBOPE poll, taken in the first half of May, still shows a tight three way race -- but with José Bonifácio winning and Jânio last. (OFFICIAL USE ONLY)

See last page/lfw **LIMITED OFFICIAL USE** DEPARTMENT OF STATE BUREAU OF INTER-AMERICAN AFFAIRS
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Disp. No. 283
From São Paulo

Comment: Quadros' prestige seemed to be at the nadir just after his hollow March 15 explanation of his reasons for resigning the Presidency, and it would be surprising -- if true -- to find his popularity lower now. Only one conclusion can be drawn from the polls: no one candidate has an important advantage. (OFFICIAL USE ONLY)

2. São Paulo has "Peasant Uprising"

Some three hundred farm workers near the city of Jales, in northwestern São Paulo, are reported to have invaded a medium-sized farm and staked out individual claims to pieces of it. The police apparently had little difficulty in evicting them, though leftist/nationalist São Paulo paper Ultima Hora tried to create a Cause Célèbre. A Communist-front agricultural organization was reportedly active in stirring up the trouble, and a newly founded branch of the Peasant Leagues may also have been involved. Ultima Hora is attempting to make a heroic figure out of one "Zé Patrício," a leader of the movement now hiding out from the police. (OFFICIAL USE ONLY)

Comment: The importance of the incident has obviously been greatly magnified by Ultima Hora. The real issue is obscure and may have been of only local importance: feudal land structure is said to be a problem near Jales, but the farm which was invaded was not one of the extremely large ones. The fact remains that Communists and fellow travellers were evidently able to capitalize on farm workers' resentments with sufficient skill to create publicity and embarrass the State Government in an important election year. Information currently available does not justify further conclusions. Over the long run, however, the Consulate General believes (as previously reported) that even in progressive São Paulo there are potentially explosive rural problems. (LIMITED OFFICIAL USE)

3. "Democratic Parliamentary Action" Organized

Deputies in the São Paulo Legislative Assembly have organized a "Democratic Parliamentary Action" group patterned, apparently, on a model which has existed for some time in the Federal Chamber. Thirty-nine State Deputies (out of a total of ninety-one) are charter members. (UNCLASSIFIED)

Comment: The move is basically encouraging, though it is too early to say how effective the new group will be. President of the State Democratic Parliamentary Action is Deputy Conceição da COSTA NEVES, Vice President of the Assembly and a militant conservative. Under her guidance, the new group could be uncomfortably right-of-center. (LIMITED OFFICIAL USE)

4. District Electoral Court Rejects PL Intervention

The National Directorate of the Liberator Party (PL) put its São Paulo

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From São Paulo

section under intervention on April 1, accusing it of trying to drive an immoral electoral bargain. Gubernatorial candidate José Bonifácio Nogueira had rejected the bargain, pushing the local PL toward Jânio Quadros. The intervention would have blocked the move toward Quadros -- clearly a major factor in the National Directorate's concern. The São Paulo Electoral Court, however, has by a four to one vote decided that there were insufficient grounds for the intervention. The National Directorate will appeal the decision. In the meantime the São Paulo PL will probably have had time to nominate a gubernatorial candidate. (UNCLASSIFIED)

Comment: Should the intervention be upheld after Quadros' nomination, he would have a grand opportunity to talk some more about the "occult forces" opposing him.

It is just possible that the PL could save Quadros from the humiliation of getting no nomination at all (Weekly Summary 15), but he can probably enlist one or two other parties. The central issue, then, becomes a deeper one: how strong are the legal bonds between fragments calling themselves members of the same party? The practical bonds have not proved very strong. (LIMITED OFFICIAL USE)

5. Goulart Newspaper Attacks Brizola and São Paulo PTB

Correio Paulistano (controlled by President GOULART and/or political subordinates) has had some nasty words for the Governor of Rio Grande do Sul, Goulart's brother-in-law. Example: "Mr. Leonel BRIZOLA -- competing with Mr. Jânio Quadros and Francisco JULIÃO -- does not lose hope of playing, sooner or later, the bizarre bearded role of Fidel CASTRO."

Correio has also directed vicious attacks at São Paulo members of the President's Brazilian Labor Party (Partido Trabalhista Brasileiro -- PTB), and especially at Ivete VARGAS, their leader. The local PTB has been reluctant to back gubernatorial candidate José Bonifácio Nogueira, Goulart's apparent favorite. (UNCLASSIFIED)

Comment: Correio's approach may or may not reflect accurately the President's thinking. It would at the least seem to show that he is having vexing troubles with relatives in blood and politics. (OFFICIAL USE ONLY)

PSYCHOLOGICAL

1. Local Press Reaction

Astronaut Carpenter's Orbital Flight. Astronaut Carpenter's orbital flight received a considerable share of editorial comment which in the main praised the "extraordinary deed" of American science. Comparisons were again made

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Desp. No. 283
From São Paulo

between the American open policy which allowed everyone to see and learn of each detail of the launching and the Soviets' secrecy on these occasions. The flight was considered a proof of the "efficiency of freedom," as O Estado de São Paulo noted.

Communist Infiltration in Brazil. Local press in general agreed (with the obvious exception of Ultima Hora, which was silent) that Communist infiltration in Brazil is becoming an increasingly serious problem -- principally in the Northeast. O Estado, A Gazeta and Diario de São Paulo went further and denounced Communist infiltration in the Federal Government as well as in the political campaign under way in the State of São Paulo. The recently decried activities of the Cuban Ambassador in Rio were widely commented upon by editorialists who also charged the Brazilian government with being "incomprehensibly tolerant" toward the Communists. "Communist and Castroist propaganda goes on at will," A Gazeta said.

San Thiago Dantas' Trip to Europe and Brazil's Foreign Policy. Minister San Thiago DANTAS' recent trip to Poland was widely discussed by the major newspapers of São Paulo. Most of them agreed that it was an "electoral trip to satisfy the leftists." Dantas' foreign policy was severely attacked. O Estado stated that "San Thiago Dantas has acted in faithful and perfect agreement with Jânio Quadros' policy." Pro-government Correio Paulistano although recognizing that Brazil must be careful in its relations with the Iron Curtain countries, defends the Foreign Minister and observes that "Dantas' policy is promulgated by the Council (of Ministers)."

Alliance for Progress. The 600 million dollar reduction made in the Alliance for Progress program by the Foreign Relations Committee of the House of Representatives was characterized by A Gazeta as "unpleasant news," but the same paper recognized that Latin American countries are not living up to the commitments made in the Punta del Este charter. The lack of long-range plans for the application of Alliance for Progress funds in Brazil and the creation of COCAP -- Comissão Coordenadora da Aliança Para o Progresso -- was also widely editorialized. According to Diario de São Paulo, the delay in creating COCAP had one great inconvenience: "The American Embassy, in its attempt to assist state and municipal governments interested in President KENNEDY's aid program, provided the demagogues and the 'inconsistent' with material for easy exploitation" and brought forth accusations of interference in Brazil's internal affairs.

The Attempted Bombing of the Soviet Fair in Rio. São Paulo's press was unanimous in condemning the attempted bombing of the Soviet exhibit in Rio, although there was a diversity of opinion regarding the real purpose of the attempt. While some newspapers felt that it was "prejudicial to Brazil's prestige abroad," O Estado said it was "simply a frustrated act of an insane person."

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From São Paulo

"Farce or real terrorism," claimed Folha de São Paulo, "it must be investigated." The fair itself is described as "not interesting" by most of the press.

Daniel M. Braddock

Daniel M. Braddock
Minister Consul General

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957
NO.

May 28 1962
DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : Brazilian Election Report No. 1, Amembassy Rio Despatch No. 302, 14, 1962

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SUBJECT: Brazilian Election Report No. 7 - A Brazilian Reports on Situation in the Northeast

Attached is a translation of a report on the social and political situation in the Brazilian Northeast. It was given to the reporting officer by the President of the National Democratic Union Party, Herbert Levy, who stated that it was prepared by a reliable Brazilian observer after a visit to the Northeast area. Mr. Levy implied that the reporter was a confidant of his and that he (Levy) took the report seriously.

This report is of value primarily for the additional flavor of the Northeastern social and political conditions that it provides. It also presents an interesting analysis of principal currents of opinion within the student groups there and of Communist tactics to control those groups. It indicates a concerted Communist-inspired effort to undermine the position of Democratic student leaders and of non-Communist Brazilian political leaders such as São Paulo's Governor Carvalho Pinto and José Bonifácio, the Governor's hand-picked candidate in the São Paulo gubernatorial race.

Enclosure: As stated.

For the Ambassador

APPROVED BY:

Robert W. Dean

Robert W. Dean
First Secretary of Embassy

Niles W. Bond
Niles W. Bond
Deputy Chief of Mission

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Page 1 of
Encl. No. 1
Disp. No. 957
From Rio de Janeiro

REPORT OF TRIP TO THE NORTHEAST

General Situation

The situation is in effect one of desperation. The owners of land and of local industries do not seem to have any feeling for the social problem; they enjoy the privileges of a medieval era. In the capital cities they pay only one-half of the minimum wage, discounting social security as though it / the minimum wage/ were paid in its entirety. The worker, upon being hired, signs 11 receipts for complete /monthly/ salary, plus his letter of resignation. In as much as labor is in excess, no one complains, because otherwise they would not obtain work. In the interior the situation is worse. The local industrialists are in general opposed to the influx of capital from the South; they speak of Paulista imperialism and of spoiling our workers with higher salaries and social assistance. They try by every means to sabotage investments of this nature. Some spoke to me of separatism, thus "the Northeasterners would be united in misery". The one who said this has two automobiles, a luxurious home, and a small farm. . .

On the other hand, they do not feel the impact of SUDENE /The Superintendency for the Economic Development of the Northeast/ which up until now only makes plans, thus constituting another factor for deception and desperation among public opinion generally in all circles in the Northeast. I must also point out the great interest which SUDENE shows in activities which have nothing to do with its objectives, including its interest in university and labor politics, its sectarian distribution of funds to academic and labor organizations which follow a certain line. In this regard, I point out the activity of Mr. Nailton Santos, ex-university leader connected with the extremists, and Director of Personnel Selection of SUDENE, who applies a veritable "ideological test" before approving the hiring of employees. Only those who defend the Cuban revolution get in. . .

Also, the position taken by the acting Governor of Pernambuco, Paulo Guerra, in demanding that SUDENE deliver American corn held in its warehouses for distribution to the starving people "by 9:00 the following morning" under penalty of state police intervention in the warehouses had a large repercussion in the Northeast, and demonstrated the lack of faith in SUDENE.

The people are being crushed by these two forces: One which wants to maintain at any price its medieval privileges, and the other which seems to desire to capitalize on all of this to obtain a "Cuban" solution contrary to the interests of the country. I am not able to say to what extent the high command of SUDENE is participating in this.

The Opposition Situation

Within the fermentation described above, the university students are capable of exercising an effective revolutionary activity in view of the feeling they have for the problems of the people and the anguish they feel over the lack of any prospects of a natural revolution.

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Esp. No. 957
From Rio de Janeiro

Violent revolution is spoken of openly as the only means to bring down the structures existing there. Three principal groups exist in university circles: JUC (Catholic University Youth), Communists, and Democrats.

JUC. The leadership maintains the thesis of union with the Communist Party on the basis of the following reasoning presented by its directors and by the president of the UNE /National Students Union/:

Revolution is necessary; the Democrats do not have sufficient forces to carry out revolution alone; we should therefore join with the Communist Party and carry it out together, given that the Communist Party has an organization, forces, and is in the vanguard in the fight against the common enemy which is Capitalism. After the revolution we shall argue with the Communists over who will maintain power.

Such reasoning, due to the lack of active democratic leadership, has gained large penetration in university circles because everyone is of the opinion that revolution is necessary. In as much as those who transmit this line of abdication of democratic ideals are militant Catholics of JUC, the thesis encounters less resistance because of the lack of suspicion which results from the religion they embrace.

PC /Communist Party/. Taking advantage of the above position, the Communist Party encourages a united front position joining Catholics and Communists, providing of course that they hold effective direction of activities, given that they possess the forces, organization, etc., which is something the JUC members do not see. As evidence of this, the UNE, presided over by elements of the JUC, practically turned over the direction of the UNE steering group which traveled all over Brazil to elements of the Communist Party (Centro Popular de Cultura - Popular Culture Center) which presented theatrical pieces with a Communist line, including one which advocated the united front between Communists and Catholics. Result: In all states of the Northeast, whole groups of university students joined the Communist Party after the visit of the UNE steering group. Sixteen members of the freshman class of the law school at Belen joined at one time. Under these circumstances with the united front, the president of the UNE and of the JUC, instead of organizing activities which attract students to the JUC, does the opposite and attracts elements for the Communist Party. This is the united front which interests the Communist Party.

Democrats. Generally disappointed by the lack of leadership, not only in university circles but in the normal everyday life of the regime. Opposed to the existing structure, which in that region presents extremely inhuman aspects, they feel a certain hesitancy in opposing the JUC-UJC plan in order not to be taken for reactionaries. The result is paralysis because they feel the falseness of the fight on the side of the Communists. They acquire, however, a new disposition to fight when presented the following argument:

The existing structure needs to be changed radically-peacefully if possible, but in a revolutionary manner if necessary; in fighting for change in the existing structure, we must be aware that the Communist structure is not what we desire and therefore

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we cannot contribute to its establishment; if we don't organize our own forces, our own leadership, our own tactics, and our own vocabulary, the Communist structure is the one which will be in the position to replace the existing structure if it falls; our first task is to form our own forces and not to support Communist forces; if we do this the united front will lose all meaning because the Communists are not interested in organized Democrats who know what they want and know how to walk without the crutches they offer us; we cannot make the summer with swallows who wish to make winter.

The majority of university students accept this thesis which was presented in public debate within the universities in the presence of the Communists and the JUC members. This demonstrates that the united front is a cover organization which only achieves penetration through the criminal absence of the Democrats and the inexplicable abdication of the JUC, which instead of commanding is commanded.

Political Situation

The political forces reflect the confusion generated by the above situation. Firm leadership is lacking. An interesting fact is noted: that is the systematic demolition of democratic leadership, especially of Carvalho Pinto and José Bonifácio, who are portrayed as representatives of national and foreign economic groups (hidden forces), and as defenders of the large rural landowners (land revision was designed to guarantee the landholders against land reform). This work is directed by the "Catholics of the Left", that is, the JUC and elements connected with it who are joining the PDC / Christian Democratic Party / and who have deep connections with the group of JUC-PDC-UJDC of São Paulo and Minas. It is said that Mr. Fernando Gasparian is one of the financial supporters of these groups (information from Amaral, vice-president of the UNE). The Communists also participate in this plan. The Communist element of the UNE steering group showed a special interest in having "Fernando well received whenever he comes to Ceará". Minister Franco Montoro and members of his staff are closely connected with the groups who carry on this activity.

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FOREIGN SERVICE DESPATCH

FROM : **Ambassy Brasilia Office**

961
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EST 113

TO : **THE DEPARTMENT OF STATE, WASHINGTON.**

May 29, 1962
DATE

REF : **Embassy Despatch 728, March 16, 1962**

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SUBJECT: **Aço Democratica Parlamentar**

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EST 113 - PC 666

The reporting officer called on Deputy Joao Mendes (UDN-Bahia), President of the Aço Democratica Parlamentar (ADP) on May 26, 1962, to inquire about activities of that anti-Communist parliamentary group and the general political situation which has changed rather radically since the high point of national unity reached after President Goulart's return from the United States.

Deputy Mendes was obviously agitated by the turn of events beginning with the President's May 1 speech at Volta Redonda calling for basic reforms and limited constituent powers for the next Congress, his demagogic speech to Santos dock workers on May 14, and the often violent anti-American speech delivered to Rio de Janeiro law students on May 22 by Rio Grande do Sul Governor Leonel Brizola. He criticized severely Foreign Minister Santiago Dantas whom he accused of running foreign policy for the benefit of party and personal politics, outlining certain activities of his group intended to embarrass the Foreign Minister if not to remove him from office (See Embtel 2792).

On the subject of President Goulart, Deputy Mendes, who a few months back had expressed some favorable remarks about the President, spoke volubly about his disillusionment with the President's change in tactics. He was gravely concerned about the President's insistence on agrarian reform which would permit expropriation of land without immediate and cash payment. Such a reform, he contended would be the opening move which the leftists sought to bring about the ultimate destruction of the democratic and private enterprise system in Brazil.

While Deputy Mendes at first attributed Goulart's recent moves as indicative of his intention to help Communists and other

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From Brasilia Office

leftists, on further discussion he analyzed Goulart's recent efforts as an unsuccessful effort to use the methods of the late President Vargas which were to play off one group against the other, ceding to the degree necessary when pressure built up strongly enough. The difference, according to Mendes, is (1) that Goulart while shrewd is not as intelligent as Vargas and inadequately educated for serious, constructive government and (2) the serious social problems of today did not exist in Vargas' time. Agreeing that some of the President's acts were the result of pressure from the left and an effort to preserve his popular base, (strongly disapproved by the Deputy who had at one point expected Goulart to govern as a statesman) he also agreed that Goulart might well change his tactics if strong enough pressure were applied from the center.

Deputy Mendes outlined recent activities of the ADP: Similar groups have been established in the state legislatures in São Paulo (by a majority of the state deputies) and Pernambuco (by over a third of the deputies). Other groups are in formation in Paraná and Bahia. Allied public groups are also being formed with considerable success under the name of Ação Democrática Popular. This group has allied itself in turn with the Instituto Brasileiro de Ação Democrática whose activities he praised.

While admitting the need for additional funds, Deputy Mendes said that he had had some success in obtaining help from wealthy industrialists whom he has convinced of the need to fight or face the prospect of falling as the democratic regime falls around them. His funds, however, come nowhere near to equaling those of Governor Brizola, whom he claims has 8 billion cruzeiros at his disposal for electoral and related purposes. He did not pretend to know where this money came from but said it could not have been money received from the federal government which must be carefully accounted for.

The Deputy said that he is drawing up a list of some 78 deputies whom he would work hard to get reelected, even at the expense of his own reelection. He claims 158 members in the ADP but said that he will work to help only those who are active, willing to work for ADP objectives and have the courage of their convictions. If he could get 100 such elected, he said, the ADP could control the Chamber of Deputies. He promised to furnish the reporting officer a list of the deputies for whose reelection he will work.

For the Ambassador:

Philip Raime
Philip Raime
Counselor of Embassy
for Political Affairs

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TO : THE DEPARTMENT OF STATE, WASHINGTON.

May 29, 1962
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SUBJECT: Alliance for Progress Strategic Study in Brazil

Enclosed herewith is SAO Paulo's contribution to the Alliance for Progress Strategic Study on Brazil.

This paper was prepared by a team consisting of Scott C. Lyon, Datus C. Proper, Jack Liebof, Guy A. Fasoli, Richard S. Sampson, W. Garth Thorburn, Joseph Y. Kiyonaga, and David P. Mann, and under the direction, coordination and editing of the Consul General. Because of the short time in which it had to be prepared it contains a number of imperfections, including some overlapping and some omissions, and probably a few inaccuracies. It follows closely the questionnaire provided, beginning with Part II.

Daniel M. Braddock
Daniel M. Braddock
Minister Consul General

Enclosure: *DM*

As stated
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JLieber/GAFasoli/RSSampson/
WGTThorburn/JYKiyonaga/DFMann/tmw/cmw/tlw

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II. THE POLITICAL ELEMENTS

A. Present Realities of Socio-Political Power.

1. Individuals: (These questions are posed due to the strong personalismo factor so important in Latin American societies.)

a. Who now has effective political power? On what groups do they depend for indispensable political support? What special regional, economic, cultural and class groups back them? Which of these leaders back the Alliance, are lukewarm, or seek to defeat its goals?

There is little question but that Governor Carlos Alberto de CARVALHO PINTO holds an overwhelming percentage of the political power in the State. If he were able to run against all other Paulista politicians for some high public office at this time, he could probably obtain an easy majority of the vote. Whether he can rub enough popularity off on the administration gubernatorial candidate is another question. Such strength as his is unusual in Brazilian politics. Its source is equally unusual: with the exception of the outright Communists, almost every color in the local political spectrum is supporting Carvalho Pinto. The conservative, the educated, and the wealthy tend to be his most enthusiastic backers, but many of the lower classes are also with him.

Carvalho Pinto's support of the Alliance for Progress has not been put to the test. However, there is every reason to believe that he is favorable to it. His personal views on self-help, planning, etc. coincide to a remarkable degree with the central tenets of the Alliance. São Paulo occupies a position in Brazil

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NO: 2838, June 2, 4 P.M.

ACTION DEPARTMENT 2838, INFORMATION BOGOTA 31, CARACAS 25, LIMA 38

Reference: Department telegram 3469, repeated Bogota 877, Caracas 1223, Lima 865

In absence President, entire Cabinet, Under Secretary Archer in Brasilia June 1, I took up subject reference telegram with Secretary General Bernardes Friday evening. He promised discuss with Dantas soonest and arrange further discussion with me. Obviously entirely sympathetic our viewpoint, and communicating Brazilian Ambassador Lima for his advice.

GORDON

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 REF Salvador's Despatch # 44, dated April 2, 1962
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 BUREAU OF INTER-AMERICAN AFFAIRS
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SUBJECT: CAMPAIGN: I : Bahia, April 2 - June 3, 1962

During the period since April 2, the date of the Consulate's last report on the Bahia electoral campaign (Despatch 44), it became evident that UDN Governor Juracy Magalhaes' "pacification" effort was in effect a maneuver designed to divide his opponents in the state. The successful completion of the operation has resulted in bringing the PTB from out of the PSD-PTB-PDC-PFP-PRT-PTM-PSP-PST opposition coalition into the UDN-PR-PL government coalition. The official candidate of this government coalition is Renato Medeiros Neto, a 34-year-old PTB veterinarian who is President of the Comissao do Vale de Sao Francisco and a member of the PTB's Bahia Directorate Estadual. Ostensibly, the UDN-PR-PL-PTB coalition, which semi-officially includes Tarilo Vieira de Mello's faction of the PSD, still adheres to its "pacification" plank, and is awaiting with a certain sadistic pleasure the PSD's reply to the Governor's request that it join his coalition in support of Medeiros Neto, who has the backing of President Joao Goulart. The PSD is supposed to meet on June 9 to study this proposal, and is expected to refuse it.

Since the press, the Governor, and apparently even the PTB recognize that Medeiros Neto can win only if the PSD agrees to support him, the Governor told an officer of this Consulate confidentially on June 2 that his coalition will then formally nominate Vieira de Mello, a move which will evidently do as much damage to the PSD's array as possible. The Governor and Vieira de Mello believe from the results of a poll taken here in April that Vieira de Mello is the most popular politician in Bahia, more so, for instance, than Antonio Balbino, who leads the rest of the PSD. It is thus believed by the Governor, Vieira de Mello, and presumably the other members of the UDN-led coalition, that they can elect Vieira de Mello governor, defeating whomever Balbino chooses to put up.

The most likely Balbinista candidates are Minister of Education Antonio de Oliveira Brito, Balbino himself, and Francisco Waldir Pires de Sousa. According to Vice Governor Orlando Moscozo Barreto de Araujo, PR, who has

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From Salvador, Bahia, Brazil

who has a reputation for being close to Balbino, the latter says he will not run, preferring to seek a seat as a senator. Governor Magalhães also believes that Balbino will not run for the governorship, since he would not like to risk defeat at the hands of his long-time personal enemy, Vieira de Mello.

Oliveira Brito would be a fairly strong PSD candidate, but again, it seems unlikely that he would choose to fight a battle with the odds against him, and indeed, he might prefer to join Vieira de Mello.

The mantle of the PSD may thus fall on Helder Pires, who has been actively seeking it since January, some say with the silent support of Balbino. Pires is 35, with a reputation as a left-wing nationalist; if Balbino and Oliveira Brito judge the campaign too costly, they might find it profitable to support Pires in a rear-guard action. During his May 11 - 22 visit to the South of the country, Governor Magalhães said on June 2, he was told by President Goulart that the latter had been approached by Communist leader Luis Carlos Prestes, who sought his support for Pires' candidacy. Pires may thus fall into the second of the categories established by the Embassy, that of fellow-travellers or useful innocents. He is definitely something between a crypto-Communist (first category) and a non-Communist reformer (fourth category). The Governor has maintained in an April 19 conversation that Pires has the support of the Communists, and the Consulate has noted for some time that he has been receiving left-wing support. Pires would probably receive in addition to PSD and PCB support, PPS backing, and possibly also that of the PTN and the PDC.

It will be recalled that at the beginning of April, four basic alliances were represented in the State; the State government coalition, consisting of the UDN, PR, PL, and dissident elements of the PSD, headed by Governor Magalhães; the opposition coalition, headed by the PSD under Comandante geral da República Antonio Balbino, and including the PSD, PPS, PPS, PPS, PPS, and PPS; the Janista group, under PL Secretary of Fazenda Joséphat Marinho, consisting of about two-thirds of the UDN, the PR, and the PTN; and the new PR-PTN alliance, led by PR state president Manoel Novais and PTN federal deputy Clemente Sampaio. The confusion of the Bahia scene was dramatized by certain groupings being at once in the Government coalition (as the PR) and allied with an opposition party (the PSD), or ostensibly supporting Juracy Magalhães and in reality supporting Janio Quadros, as the PL.

It would appear that Juracy Magalhães succeeded through the pacification maneuver in capitalizing on the weakness of the opposition coalition. He also exhibited superior generalship, no doubt with good advice on the PSD from Vieira de Mello, while the absentee PSD commandera, Balbino and Oliveira Brito, reacted too slowly and too clumsily to his moves. The Governor said on June 2 that Balbino's policy of withholding his main effort until late June or early July had been a mistake. It was evidently pointed out to Balbino's feeling that, as leader of the largest party in Bahia, and with what was said to be the solid support of the minor parties, he could afford to wait. There appears also to have been a serious misjudgment on his part as to the thinking lying behind the pacification maneuver; he probably thought that Juracy was taking this line out of weakness. He evidently also misjudged the solidity of the PSD-PTN alliance. The leader of the PTN in Bahia, Clemente Sampaio (a left-wing nationalist -- category three),

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three), is said to be "an avisceral enemy" of Balbino.

During the period under review, the strength of Janio Quadros in Bahia seems to have faded, and he is now rarely mentioned in the Bahia papers. At the same time, Josephat Marinho continues to be a potentially strong candidate, enjoying a good reputation and no doubt gaining many points in the hinterland through the reverse taxation his secretariat has instituted; almost every week a new announcement is made of assistance funds being despatched to one or another município in the interior. The at one time shaken alliance between the UDN and the PL may have regained strength; at a meeting between the leaders of the coalition parties scheduled for May 30, PL president Luiz Viana reportedly planned to empower Governor Magalhães as the PL representative, rather than to designate another PL politician for this.

UDN contacts across the floor of the State Assembly with the PTB go back over several years, and a particularly good opening was presented by the UDN-PTB-PSD "protocol" according to which the three parties would support each other in the rotation of the Assembly offices. According to this protocol, the presidency, in PR hands from 1961 to 1962, was to rotate to the PTB, and on April 5, with firm support from Governor Magalhães' coalition, PTB state deputy Cristovao Colombo Maia Sampaio was elected President of the State Assembly for the period April 7, 1962, to April 7, 1963. Since it was obvious that the "protocol" forces would carry the day, the other parties in the assembly, including the PSD, went along with the election of Colombo, and in the end his election was by a vote of 51-0. Nonetheless, the PSD diverged over the other officers of the Assembly, and suffered a defeat by a vote of 32 to 26 in its attempt to have a PSD deputy, Nelson David Eibedre, elected to the first secretaryship of the assembly, the winner being PR deputy Jose Medrado, who had the support of the "protocol" group. In the maneuvering prior to the April 5 election of the Assembly officers, it was amply demonstrated that the PSD was not happy over what was going on, and in the end the PSD won only the second secretaryship, which went to Raimundo Reis. Reis, however, won this office more or less in spite of the views of the PSD leadership, so his election was almost more a defeat than a victory.

The net impact of these negotiations and votes was to place the disgruntled PSD in opposition, at least temporarily, to the election of a PTB deputy to the presidency of the Assembly, and Governor Magalhães thus succeeded in getting a wedge into the PSD-PTB alliance. Moreover, Magalhães went out of his way during the preliminaries to publicize his solid support for a PTB Assembly President, announcing that he was for whomever the PTB caucus nominated, since the post belonged by right to the PTB.

The effort to split the PTB from the PSD continued with Governor Magalhães' letter of April 26 to the PSD. It will be recalled that he formally initiated his "pacification" campaign with a letter of March 8 in which he proposed "a union around a great figure of our land", "a formula of understanding, built around a development program", suggesting that the PSD present a list of names chosen from its own ranks, those of its allies, or those of the government coalition. In a move apparently reflecting the continued dominance of Balbino in the councils of the Bahia PSD, the PSD delayed replying until after

an April

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an April 14 strategy meeting.

The results of the Governor's maneuver were vividly described in an April 13 headline of a political column: "Pacification is turning the PSD into a sack of cats". Similarly, PSD Directorio Nacional member Nelson Carneiro, who has been a bitter opponent of Juracy Magalhaes for 21 years, declared that pacification "must be in the interest of those who have failed Bahia, those who have converted it into a sad landscape of gambling, corruption, and hunger". Carneiro, a Bahiano who represents Guanabara in the federal Chamber of Deputies, came to Bahia to participate in the April 14 meeting of the PSD, and declared in an April 13 press conference that he was against the PSD's submitting names for Magalhaes' selection.

The conclusion of the April 14 meeting was a letter delivered to the Governor on April 17, in which the PSD's president wrote that the Directorio Regional was in favor of pacification (in favor of virtue) and would nominate to the PSD party convention a PSD candidate "who would merit the general sympathy of the political parties disposed to ally themselves with him".

After consulting with his own allies, the Governor replied on April 26. Since the PSD had suggested that the pacification candidate should be PSD by virtue of the principle of rotation, and because the PSD was the strongest party in the State, the Governor said that he was delighted that they accepted the idea of pacification, and the principle of rotation pointed unerringly to the PR and the PTB, who have yet to hold the governorship of this state. He therefore suggested that the PSD consider Medeiros Neto or Senator Joao de Lima Teixeira of the PTB, or Manoel Novais or Orlando Moscoso of the PR. He also suggested that Vieira de Mello and Miguel Galman, of the PSD, would be pacific, as would Josephat Marinhe or Lemante Junior of the PL, or Alberico Fraga, Ruy Santos, or Heitor Dias of the UDN. Lest all this seem too scardidly political, he suggested also certain apolitical candidates: Clemente Mariani (the Governor's close associate), Edgard Santos (said also to be close to the Governor), Demosthenes Madureira de Pinho (completely unknown to the reporting officer), Orlando Gomes (also unknown), and Aristoteles Goes (a pleasantly mad old gentleman said to be more or less PSD). He added that it would be a good idea to submit the list for the approval of President Goulart, and subsequently did so himself, sending copies by the hands of Ruy Santos, the UDN's state president, and Manoel Novais, the PR state president.

The absence of the names of either Balbino, Olyvidas Brito, or Waldir Feres made the list completely unacceptable to the PSD, but its own policy of waiting till the latter part of June to make a PSD proposal left the party voiceless. President Goulart endorsed Medeiros Neto, thus pleasing Novais, who would presumably have the naming of the next President of the Comissao de Voto de Sao Francisco, important from the standpoint of patronage. After his May 22 return from the South, Juracy formally presented the name of Medeiros Neto to the PSD, which, as has been noted above, has replied that it will consider the matter on June 9, and let the Governor know on June 10.

Both the Governor and Vieira de Mello feel that they have scored so many times during these exchanges that they are quite exultant. Vieira de Mello told officers of the Consulate on June 1 that he would get the nomination and the support of the PSD into the bargain, and on June 2, the Governor, normally

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normally extremely close-mouthed, talked for an hour on the subject to another Consulate officer.

It remains to be seen whether the Governor and Vieira de Mello will actually succeed in carrying off their enterprise. Josaphat Marinho and the Janista vote will have to be dealt with, perhaps by giving Josaphat the vice governorship. The loyalty of the PTB-PR coalition, particularly that of Goulart and Novais, will have to be preserved through some device. Nevertheless, during the past two months, Juracy Magalhaes has reversed the odds, and it now appears that the outcome of the campaign will bear Juracy's chop, rather than that of Balbino.

C. Dirk Keyser
C. Dirk Keyser
American Consul

cc: Rio de Janeiro/Political Section
Brasilia/Political Section

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SUBJECT: ELECTION CAMPAIGN IN PARANA AND SANTA CATARINA

Paraná:

There are five announced candidates for Senator from Paraná. They are (1) Adolpho de Oliveira FRANCO (UDN), (2) Amaury Oliveira e SILVA (PTB), (3) Sebastião Vieira LINS (PSB), (4) Moyses LUPION (PSD) and (5) Bento Munhoz da ROCHA (PR).

At the moment Silva appears to be the strongest candidate and is a likely winner. Franco is popular only among the more conservative classes while Lins is likely to draw support from the communists, extreme nationalists and leftists. Neither candidate enjoys broad support, their appeal being primarily to certain classes.

Lupion is popular despite his local reputation as a thief. It would not be at all surprising if he were elected, but at present the outcome is far from certain. Rocha has no chance at all.

None of the candidates, except Lins, is particularly anti-American. The campaigns are still new-born and, until now, have consisted mainly of posters and writing on the streets and walls.

JUN 2 1962

Federal Deputys

The parties which appear to enjoy (at the moment) a large degree of popular support are the PTB and the PDC. In the elections held in the newly created Paraná municipalities several months ago the PDC showed surprising strength. The PSD is at low ebb because of the Lupion scandals and the PSB has not managed to disguise the fact that it is a mere front for the communists. The UDN is still widely popular but it has

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suffered somewhat from Janio Quadro's renunciation and Governor Ney Braga's emphasis of his status as a PDC man.

Campaigning has not been very active to date, especially during the international football championship games. Public interest at the moment is minimal.

As yet the university students strike has not attracted any comment from the various political parties and the leaders of the strike have made no appeal for specific political support. This situation will bear watching locally and developments will be reported.

A list of Paraná candidates is attached.

Santa Catarina :

In Santa Catarina political activity has been limited. Only the UDN has held its convention.

Konder REIS is the UDN's candidate for senator. He is presently a federal deputy, a practicing Catholic and a middle-of-the roader.

Candidates for Federal Deputy are:

Arnoldo Carvalho, Lauro Carneiro Loyola, Wilmar Dias, Luiz Batistotti, Laerte Ramos, Frederico Busch, Mario Brusa, Romeo Sebastiao Neves, Fernando Viegas and Alvaro Catão.

Detailed biographical information will be sent separately. Since the other parties have not nominated their candidates it is almost impossible to judge the chances of the above-mentioned. The UDN candidates represent various shades of conservatism to liberalism.

Arthur W. Feldman

Arthur W. Feldman
American Consul

0113

PARANÁ ANNOUNCED CANDIDATES FOR FEDERAL DEPUTY

ESD

MOISES LUFION
ARION RIBEIRO DE CAMPOS
JOÃO RIBEIRO JUNIOR
JOÃO SIMÕES
LINCOLN DA GUNHA PEREIRA
LUDOVICO BRANDALISE
LYRIO BERTOLLI
LUIZ AUGUSTO DE MORAES REGO
MANGEL DE OLIVEIRA FRANCO SOBRINHO
ANTONIO LISTGSA DE OLIVEIRA
MANGEL GOMES FERREIRA
MARIO GOMES
NELLO BARRETO
NICOLAU CHIBEN
NIVON WEIGERT
PAULO MONTANS
PLINIO COSTA
PEDRO SOCCOL
RAFAEL REZENDE
ROBERTO BARRICO FILHO
RAUL VIANA
RUY GANDARA

EDC

JOSE RIGHA
WALDEMIRO HANEIRO
ACCIOLY FILHO
RAUL LESSA
ESTEFANO MIKILITA
EMILIO GOMES
JANSEN DE MELLO
ANTONIO DOCA ROSKI
ANTONIO EITENGOURT DE CAMARGO
BENEDITO C. SILVEIRA
JARRY DE SOUZA
WALDOMIRO WAGNER

FSB

JOSÉ RODRIGUES VIEIRA NETO

UDN

OTHON MAIER
NEWTON CARNEIRO
ZACARIAS SELEME
HERMES MACEDO
EDMUNO DONATO TEMPSKI
MARIO FRAGA RAMOS
GARIBALDI REALE
JORGE HURY
JOSE LUIZ DE A. FRANCO
OTAVIO CEZARIO JUNIOR
GLAUCIO DE OLIVEIRA

PTB

ANTONIO BABY
KALIL MAIA NETO
PETRONIO FERNAL
JOSÉ SILVEIRA
MIGUEL BUFFARA
EGON BERTCH
ANTONIO RODRIGUES DE PAULA FILHO
WILSON CHEDID
ANTONIO ANTEBELLI
ELIAS NACIE
RENATO GELIDONIO
JOÃO BATISTA STOCOL
ANIBAL PINTO CORDEIRO NETO
FERNANDO GAMA E SOUZA
ALDO SILVA
CASSIO DE TOLEDO PIZZA, AMORREIRA
AMERICO UGOLINI
JULIO ROCHA JAVIER
DIVONSIR BOREA CORTES
LEONEL BRIZZOLA
JOÃO CHEDE
JOSÉ GONÇALVES DE MORAIS
MAURICIO MORAIS SARMENTO
WALDIR JANSEN DE MELO
LUIZ ALBERTO DALCANALLE

SENATE

AMAURY SILVA - PTB
ADOLEHO DE OLIVEIRA FRANCO - UDN
MOISES LUFION - ESD
VIEIRA LINS - FSB
BENTO MURHOZ DA ROCHA NETO - PR

0114

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732,00/6-462

FOREIGN SERVICE DESPATCH

FROM : American Consulate General RECIFE 188
NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. DATE: **June 4, 1962** *Opin*

REF: **JUN 9 1962** *facts letter below (4)*

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6-15

SUBJECT: *RG
88
Jeff*

Weekly Summary No. 16.

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DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
JUN 18 1962

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FORM 5-51 FS-439

REPORTER: *W. Smith*

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| NAME OF OFFICER & OFFICE SYMBOL | DATE OF ACTION |
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U.S. GOVERNMENT PRINTING OFFICE: 1961 O-51210 (17)

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POLITICAL1. Political Campaign Developments

Governor CID SAMPALCO and UEM gubernatorial candidate JOÃO CLEOFAS both turned to radio and television this week to make their first speeches of the campaign. Cleofas spoke on Thursday, May 31st and Sampalco on Friday, June 1st.

Cleofas' speech was a direct attack on MIGUEL ARRAS, and a rather vague account of what, he, Cleofas, would do if elected Governor. He would, he said, continue the economic progress initiated by Cid Sampalco, work for agrarian reform, colonization (even to the extent of expropriating land), rural workers legislation, and generally improved economic and social conditions and opportunities in Pernambuco. His attack on Arraes was more specific, and more interesting. He recalled that Arraes had earned only 1,400 votes in a 1958 bid for election to the State Assembly, showing that he had no real popular support in Recife. In the 1959 mayoralty race, Cleofas said, Arraes declared publicly that he was not a Communist and promised not to employ Communists in the city government if elected. On the basis of this declaration and promise, Governor Sampalco threw his support behind Arraes and Arraes won the election. As soon as Arraes assumed office, Cleofas went on, he brought Communists into the key spots in the city government, where they remain until today. Cleofas charged that Arraes' election as Governor would be a clear victory for the Communists and would be damaging to the interests of state and country.

Governor Sampalco, in his speech, described the accomplishments of his administration and the responsibilities of the state government, comparing the latter to the responsibilities of city government. Without mentioning names, he attempted to show that Arraes had not administered the city government nearly as well as he, Sampalco, had administered the government of the state. This was the beginning of the Governor's plan to undermine Arraes' reputation as a good administrator. Sampalco concluded the speech by calling upon all citizens to keep alive the movement he had started to change the economic panorama of the state. It is worth noting that Sampalco made no plea to vote for Cleofas. While this is in keeping with his plan to campaign initially only on issues, it is probably also a reflection of a hope that circumstances will still permit Sampalco to support some candidate other than Cleofas. (In this connection, a source close to Governor Sampalco informed the Consulate General this week that the Governor would abandon Cleofas and launch the candidacy of PAULO MACIEL, Secretary of Treasury, if he could find the necessary CR 150 million to finance the campaign. The source lamented that there appeared to be little possibility of obtaining that much money.)

In other developments, ARMANDO MONTENHO FILHO again announced that he would not withdraw his candidacy for Governor. Montenegro Filho visited with

JARDO QUADROS this week. Following the visit, press rumor had it that Quadros had confided his intention to campaign in Pernambuco for **Monteiro Filho** and against the "candidate of the Communists, **Miguel Arraes**."

From Natal, Rio Grande do Norte, it was reported that Mayor **DJALMA MARANHÃO** had announced that he would be a candidate for the Senate. He had decided upon this move, he was reported to have said, because he was opposed to **TEODORICO BEZERRA** (Federal Deputy, president of State FEO) as the candidate of the coalition behind Governor **ALUISIO ALVES**. Bezerra, he said, was not a nationalist, thus could not represent the nationalist elements in Governor Alves' coalition. If Maranhão's intentions are as reported, it is likely that there will be a real split in the alliance that took Alves to victory in 1960, since the candidacy of both Bezerra and Maranhão would only assure victory for ex-Governor **DINARTE MARIZ**, Alves' political enemy. (LIMITED OFFICIAL USE)

2. Paraíba Merchants Close Doors in Protest

Merchants in major cities of Paraíba closed their doors this week, in protest against Governor **FEDRO GONDIM**'s sales tax plan, fashioned after Pernambuco's B3 plan. The plan requires merchants to purchase stamps from the state, to dispense the stamps to the consumer in proportion to the size of the purchase, and the consumer then saves the stamps for a state lottery. Closing of the retail commercial establishments in some cities threatened public order, as crowds gathered to protest the shutting off normal supply channels. After reconsideration, and a veiled hint by the Governor that he would not prevent the crowds from raiding the establishments to obtain needed supplies, the merchants reopened their shops, but not without letting Governor Gondim know that they did not consider the matter settled. (UNCLASSIFIED)

3. Recife University Students on Strike

Students of Recife's universities went on strike June 1 as part of a nation-wide movement to obtain one-third student representation on university councils. The strike started peacefully in Recife, with no trace of bitterness on either side. As usual, the students displayed a determination to win that was not matched by the will to resist of the University rectors. (OFFICIAL USE ONLY)

ECONOMIC

1. Strikes

A new spate of strikes seems to be developing in the Northeast, most of them reflections of nation-wide walk-outs. The local Federation of Telegraph Workers walked off the job on May 30 in response to a strike order issued by their Confederation. Though workers picketed offices of the various wire companies, the strike was carried out in an orderly manner.

with no violence. Some placards carried by the strikers attempted to identify the strike as being against "foreign companies" and thus against "imperialism", but in general there was little political agitation. On June 1, the Recife local received word from Confederation headquarters that an agreement had been reached with the companies, thus ending the strike. By noon of the 1st most telegraph workers in this area were back on the job.

Meanwhile, Banco do Nordeste employees continued to hold out, pushing their strike into its fourth week. They obviously cannot carry on much longer without assistance, and other labor groups are mobilizing to support them. The local Trade Union Council (CONSITRA) has called a meeting for June 6 and is threatening to "take appropriate measures" unless an agreement is reached soon. And the local Federation of Bank Workers will probably call a strike in all Recife banks if the Banco do Nordeste dispute continues.

The local Port Maintenance Workers announced that their Confederation too has called for a nationwide walk-out on June 5. Stevedores and Port Workers have pledged support. (OFFICIAL USE ONLY)

2. CNC Meeting Discusses Article 34

A congress of the National Commercial Confederation (Confederação Nacional de Comercio--CNC) was held in Recife this week. In addition to CNC president CHARLES MURITZ, the meeting was attended by the president of the National Confederation of Industries, by the president and various members of the local Federation of Industries and by observers from SUDENE. As discussion of Article 34 of the SUDENE Law led the agenda, CELSO FUKIADO addressed the key meeting. In general, the CNC meeting reflected opinion favorable to Article 34. (UNCLASSIFIED)

Comment: Article 34, designed to encourage investment in the Northeast, is one of the key instruments in SUDENE's development scheme. It has come in for more than its share of abuse lately, partly because it is loosely defined and thus subject to varying interpretations, but also because many shortsighted businessmen are reluctant to see an influx of capital and business initiative from other areas, principally from São Paulo. They apparently fear that more aggressive "outsiders" will run them out of business. (OFFICIAL USE ONLY)

PSYCHOLOGICAL

The Diário de Pernambuco was again the only one of the three local newspapers to enter the realm of editorial controversy. The Jornal de Comercio and the Diário da Noite, as in their past, limited themselves to sterile comment on subjects of innuendo.

First Army Commander General OSVALDO ALVES was taken to task by the Diário for his "diversionary tactic" in warning of the possibilities of a rightist coup that would be followed by a dictatorship. Acknowledging

that it would be wise to keep an eye on the right, the Diario charged that it is, in truth, the left that presents the "more active, more immediate, more forcing" threat. "There, on the left, are the denounced anti-democratic plots in the Russian and Cuban Embassies; there Itamarati trying to play the Papal Nuncio against Cardinal Camara; there Senhor BRIZZOLA openly preaching a leftist revolution against the "power elite"; there the 2,500 activists of the Communist party sent to Recife to direct a campaign." In this light, the Diario charged, General Cavino's pretensions of apprehension of a rightist coup seem to be less an expression of alarm than an attempt to divert attention away from leftist activities. In another editorial this week, the Diario de Pernambuco took note again of the Rio press report that 2,500 Communist activists were coming to Recife to help in the campaign of Miguel Arraes. Declaring that now is the time to stand up and declare for democracy, the Diario told its readers that Communist intentions are clear and that nobody shall be able to complain for lack of warning if one day the Communists succeed in Brazil.

Eugene Volgado-Arias
E. Eugene Volgado-Arias
Consul General

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0121

AIR COURIER

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HANDLING INDICATOR

FOREIGN SERVICE DESPATCH

732-00/6-462

FROM : Amconsul, CURITIBA.

60

TO : THE DEPARTMENT OF STATE, WASHINGTON.

June 4, 1962

REF

JUN 5 1962

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SUBJECT: Consul's Visit with Mayor Ibero de Mattos, Curitiba.

Consul Arthur W. FELDMAN, accompanied by Vice Consul George M. SCANLAN, made a courtesy call on Mayor IBERE DE MATTOS on May 21.

A gift of a three-volume Portuguese translation of U. S. History was presented at the beginning of the meeting. The mayor commented briefly on the friendly relations that had always existed between the Consulate and the Prefeitura and expressed his pleasure at receiving this gift. He said that he would use it to check on the accuracy of certain historical references he had made in his letter to Ambassador GORDON about the Companhia Telefonica Nacional. This gift evidently set the mayor to thinking about Brazil's role in national and international politics. He analyzed Brazil's role as a moderating influence in world affairs and the individual Brazilian as an individual who disliked injustice and vindictiveness and who preferred accommodation and reasonable solutions to violence. He illustrated these comments with incidents taken from Brazilian history. The mayor also commented that his analysis also was valid in the case of the return of ex-Governor LUPION. He believed that the Braga Administration was inadvertently assisting the candidacy of ex-Governor Lupion by constantly attacking his integrity with as yet unsubstantiated charges. This, in his opinion, was not only creating a feeling of sympathy but was also increasing electoral support for Mr. Lupion.

Mr. De Mattos, as a politician representing the masses, spoke understandingly about public enmity toward public utilities regardless of their ownership. He said that the public is not interested in knowing whether the companies concerned

AWFeldman/GMScanlan:jtb

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DEPARTMENT OF STATE
BUREAU OF
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JUN - 1 1962

FORM 5-61 FS-439 GPO 2:12992 For Department Use Only - To be Filled In on Yellow Optional ONLY

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| ACTION ASSIGNED TO: <i>ARRA</i> | ACTION TAKEN: <i>not taken</i> |
| NAME OF OFFICER: <i>EGS/B RC</i> | DATE OF ACTION: <i>6-19-62</i> |
| OFFICE SYMBOL: <i>EGS/B RC</i> | DIRECTIONS TO RM/R: <i>file</i> |

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Disp. No. 60
From Curitiba

are operating at a profit or a loss. Their principal reaction is that unfair advantage is being taken of them by a company which knows that the public has no alternative but to accept its services regardless of the cost. The owners of Curitiba's bus lines, for example, are widely detested because of having to make frequent upward adjustments in fares. The mayor also acknowledged that Communists and professional anti-Americans are quick to exploit the telephone and electric company issues for their own ends. He commented that foreign investments in other sectors of the Brazilian economy (steel, heavy industry and housewares, for example) are not as susceptible to public criticism.

Unlike previous visits paid him by our consular officials, the mayor surprisingly did not discuss the IT&T issue except to say that the attack on the company was not to be taken as an anti-American attitude on the part of the public but should be considered in the context of his analysis of the Brazilian attitude toward public utilities.

Mayor De Mattos' avowed moderation on the telephone question may very well be the result of his ardent admiration for President GOULART. Since the President, during his visit to the United States, had adopted a position of "reasonableness" on the expropriation problem, the mayor may feel it would be indiscreet to oppose "his good friend" and thereby cause him any embarrassment.

Another factor which may have mellowed Mr. De Mattos is the introduction into the State Legislature of a bill which would give the state government a much larger share of responsibility for the control of telecommunications. The fact that the mayor is approaching the end of his term and is actively engaged in his campaign for state deputy coupled with possible enactment of this bill may also account somewhat for the moderate approach he took during the visit. Finally, being a practical politician, the mayor believes that having made his point about the IT&T, he could now adopt the attitude of being a reasonable and understanding man who has always been friendly toward the United States.

The consensus of the opinion of the officers at this post is that the mayor should more accurately be described as a moderate nationalist.

Arthur W. Feldman
Arthur W. Feldman
American Consul

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0124

AIR COURIER

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737.00/6-462

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FROM : Amconsul, CURITIBA

61

TO : THE DEPARTMENT OF STATE, WASHINGTON

JUN 5 1962

June 4, 1962

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SUBJECT: STUDENT STRIKE IN CURITIBA

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On May 18 nearly 8,000 university students in Curitiba went on strike. The center of student grievances lies in the leadership of the federal University of Parana. However, students at the Catholic University and the "Faculdade de Curitiba" (law school only) refused to attend classes in a demonstration of solidarity with the others. Since the eighteenth, not a single class has been held at any of the universities in Curitiba.

The students claim that they want a "democratization" of the university's administrative structure. This would be effected by granting them one-third representation on the "conselhos administrativos", congregações and departmental councils of the university.

The "conselhos tecnicos administrativos" are composed of six members, the six being the "professores catedraticos" or the professors with seniority at the University. Each faculty has a conselho and the members of the conselho are elected by the congregações. The conselhos decide on technical and administrative matters affecting their faculties.

In addition, there is a Conselho for the office of the Rector of the University. This body consists of the Rector and two members of each faculty, who may be (but are not required to be) members of the "conselhos" of their own faculties.

The congregações operate on the faculty level and are composed of all the members of a given faculty. They make recommendations to the Conselhos tecnicos. The students are already represented to a certain extent on the congregações but the representation is small (generally one student) and informal.

AWFeldman/GMScanlan:jtb

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DEPARTMENT OF STATE
BUREAU OF
AMERICAN AFFAIRS

FORM 5-439 GPO 512896

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| ACTION ASSIGNED TO: <i>ARH</i> | ACTION TAKEN: <i>no action</i> | DATE OF ACTION: <i>6-14-62</i> | INSTRUCTIONS: <i>file</i> |
| NAME OF OFFICER & OFFICE SYMBOL: <i>EST/B RC</i> | | | |

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Desp. No. 61
From Curitiba

participation being conditioned upon invitation from the congregations when a matter of direct concern to the students is under consideration.

Each faculty is divided into departments and each department has a conselho which consists of the professors of that department.

Thus if the students have their way, it is quite apparent from the above that their influence and possible control would be extended throughout the administration of the university. This possibility is all the more likely since many of the faculty members of the various bodies do not attend the meetings and a one-third vote could at times be the majority. The rector of the University and its board of directors are opposed to any increase in student representation. They consider the request to be the first step towards an eventual "take-over" by the students and they (especially Rector Flavio Suplicy de LACERDA) believe that the strike is of Communist and Castroist origin and direction. The conselho on which the Rector participates has already rejected the student's bid for increased representation.

The reaction to the strike among the students is mixed. June is ordinarily examination month and July is a vacation month. Because of the strike the examinations have been postponed indefinitely and many of the students have been forced to alter their vacation plans. In addition, we have received reports to the effect that a rather substantial number of the students have only the vaguest notions about why the strike is being held.

There is, however, a considerable degree of support for the strike even among ardently non-Communist elements. The chaplain for some 4,000 Catholic students, a Jesuit, has publicly endorsed the students' grievances and a number of state officials, including the Chief of Police Italo CONTI, and former Secretary of Justice Alfredo de Camargo NETO have voiced their support for the movement. Except for officials of the university, there are no indications that the strike is widely regarded locally as being Communist inspired. An editorial in "O Estado de São Paulo" which spoke of Communist influence in the movement was denounced by student leaders.

The number of Communists in the Curitiba student body is small and even among the Communists the straight, Messow line is rarely heard. There is, however, considerable sympathy for the Castro regime among the students and the Cuban government has been capitalizing on it by sending local students, including the president of the Parana Student Organization, on tours of Cuba (see Curitiba Despatch #46 of Feb. 7, 1962) and by conducting a rather extensive propaganda campaign.

CONFIDENTIAL

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The Rector of the University of Paraná, Mr. Flavio Suplicy de Lacerda, when visited by Consul Arthur W. Felman and Vice Consul George M. Scanlan on May 24 was obviously preoccupied with the student strike. He stated that there is a significant amount of Castroist activity among the students and that this strike is mainly directed at disrupting the university's administration with a view to ultimately permit the students to seize control. The Rector commented that recent events in other parts of the world show that Communists will withdraw in the face of force and that this strategy must continue to be used. He thus gave the impression that he was going to remain firm in his position that student representation should not be increased on the university's advisory and administrative boards. The Rector showed interest in the Consul's suggestion that groups of anti-communist students might be organized to actively counter Castroist and communist incursions among the students. Mr. Lacerda stated that he is in touch with certain student leaders who keep him informed of developments and the inference given was that this sort of activity stopped at this point. Confirmation of the Rector's statements can be seen in the enclosed issue of the students' newspaper (see red penciled articles).

The students have a number of other grievances which are summarized in one of their strike bulletins (enclosed):

1. Criticism of poor teaching and non-attendance by the professors.
2. Inadequate text and laboratory materials.
3. Absurd scheduling of classes, always done at the convenience of the teachers.
4. Establishment of a standard for the selection of new teachers, the selection almost always done by arbitrary decision of the catedraticos.

The strike so far has not resulted in any violence. The students maintain a tent on Curitiba's busiest street from which strike "bulletins" are distributed to the public. A public address system at the same location is used from early morning to late at night by a team of students who attempt to enlist public support for the student cause. The cost for publication of some of the bulletins has apparently been borne by various commercial establishments -- a jewelry store in one case and a sporting supplies shop in another. A number of posters giving the reasons for the strike have been placed in the busier sections of town and a loudspeaker was set up on the main street directly opposite the Consulate but was in use only one day. In addition, a mobile unit travels around the city giving information about strike meetings, student grievances, etc.

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From Guritiba

As legal support for this strike the students cite article 78 of the Law of the Rights and Bases of Education which states that students are entitled to representation on the "conselhos" without specifying the extent of the representation.

The students are sacred cows in Brazil and they know it. They rarely lose. For this reason it seems likely that the strike will end only when some concession, if not complete surrender, to their demands is made.

Arthur W. Feldman

Arthur W. Feldman
American Consul

Enclosures: *AS*

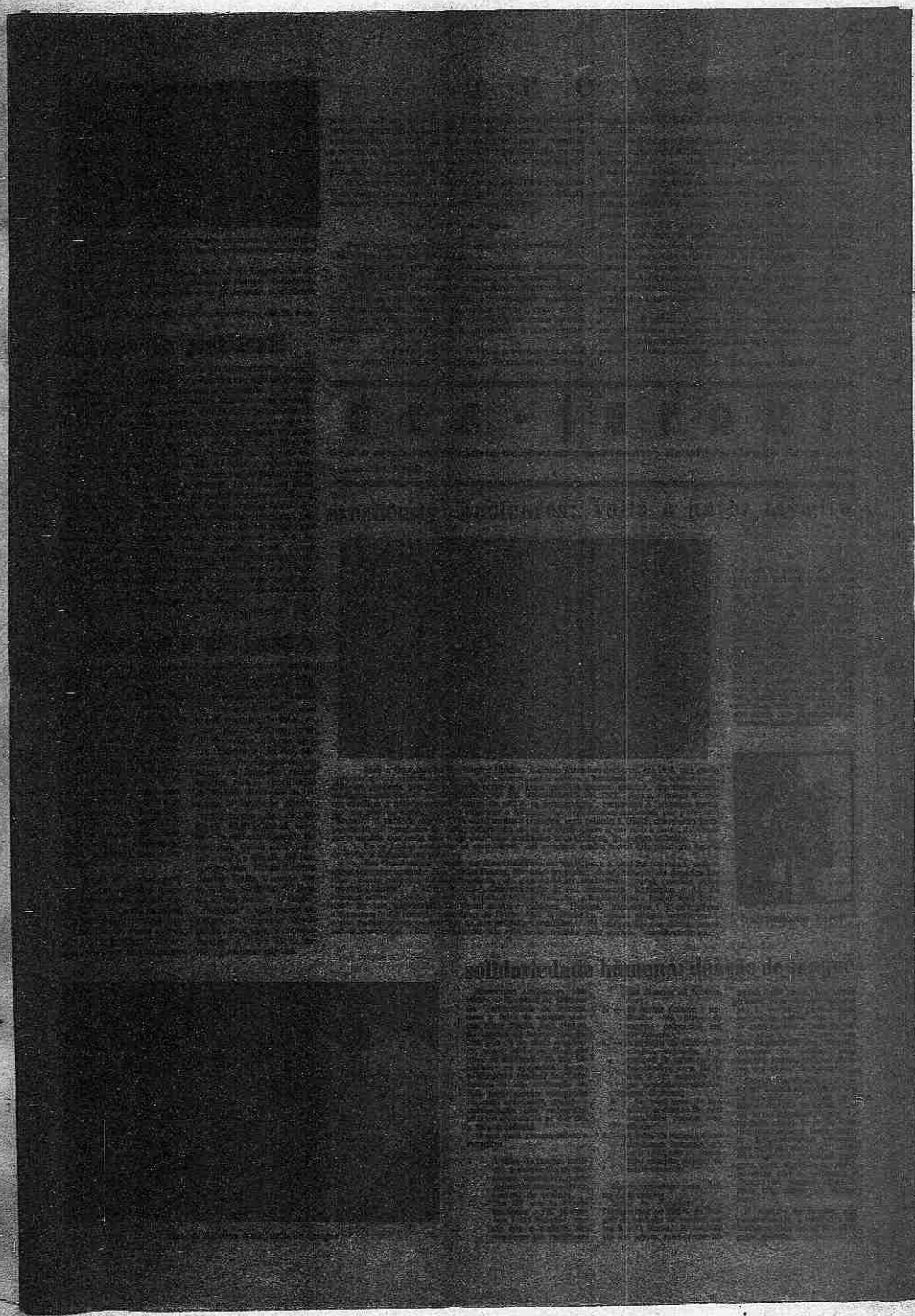
1. "DCE Jornal"
2. "Manifesto" of Paraná students.

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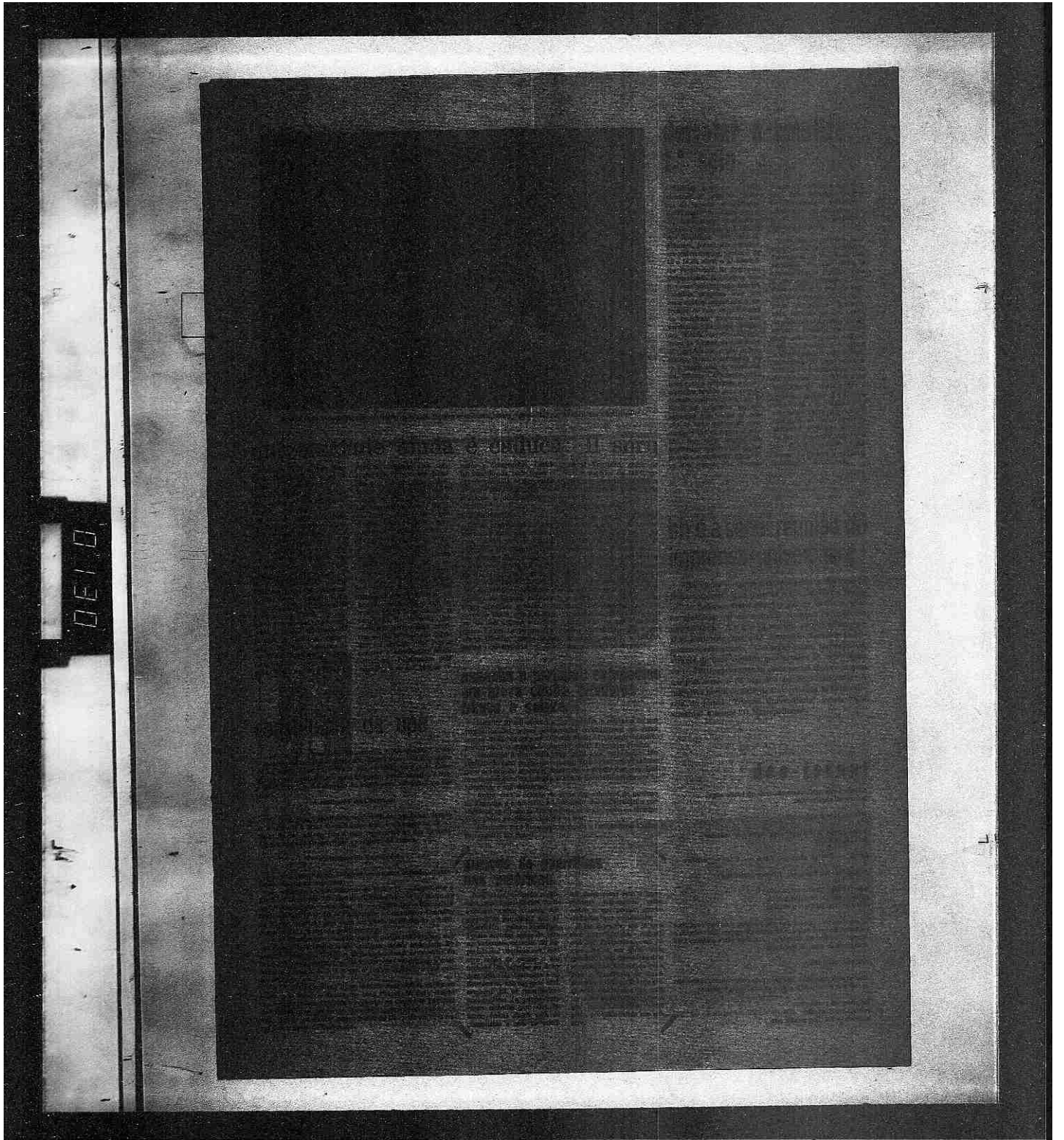
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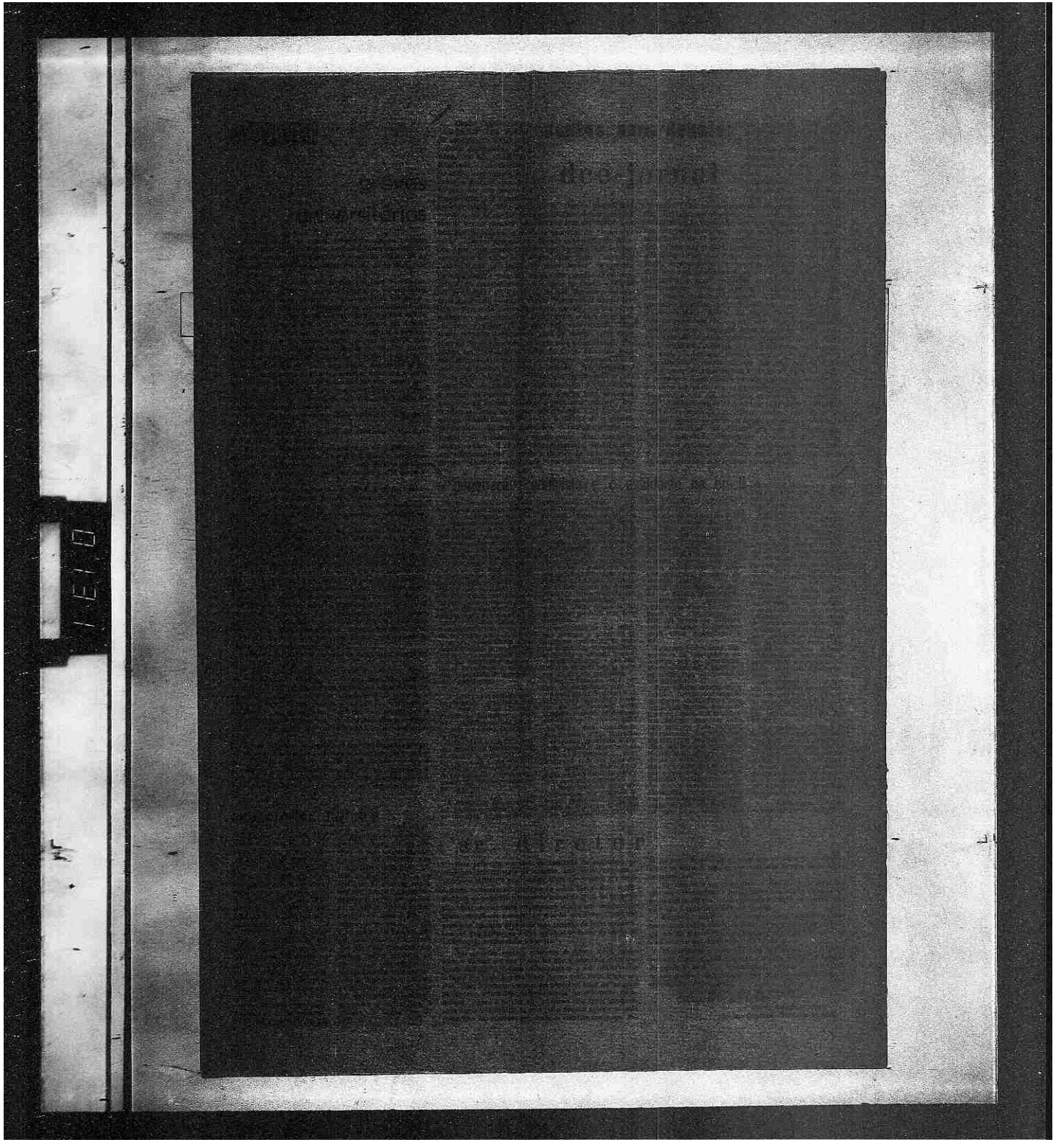
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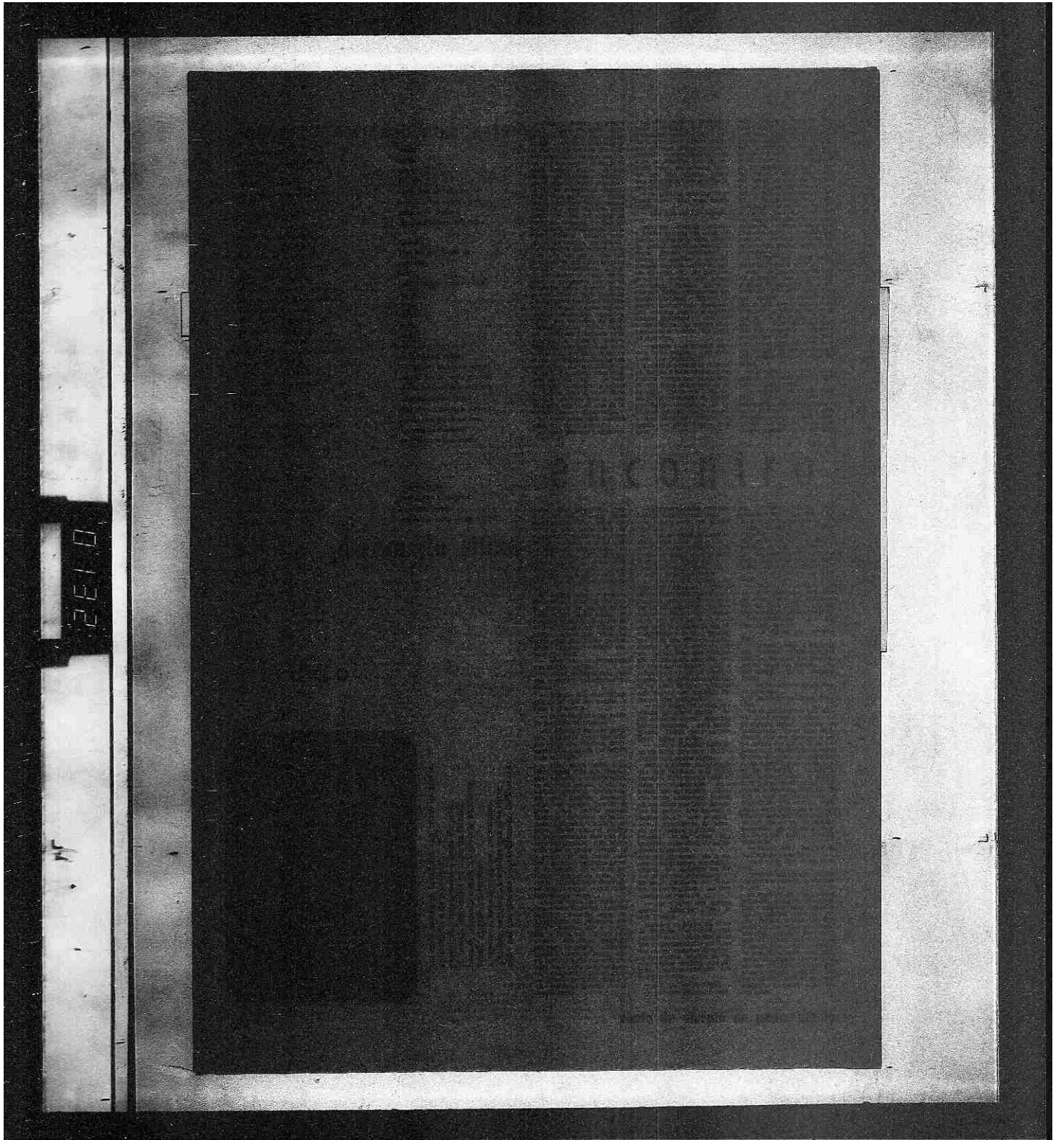
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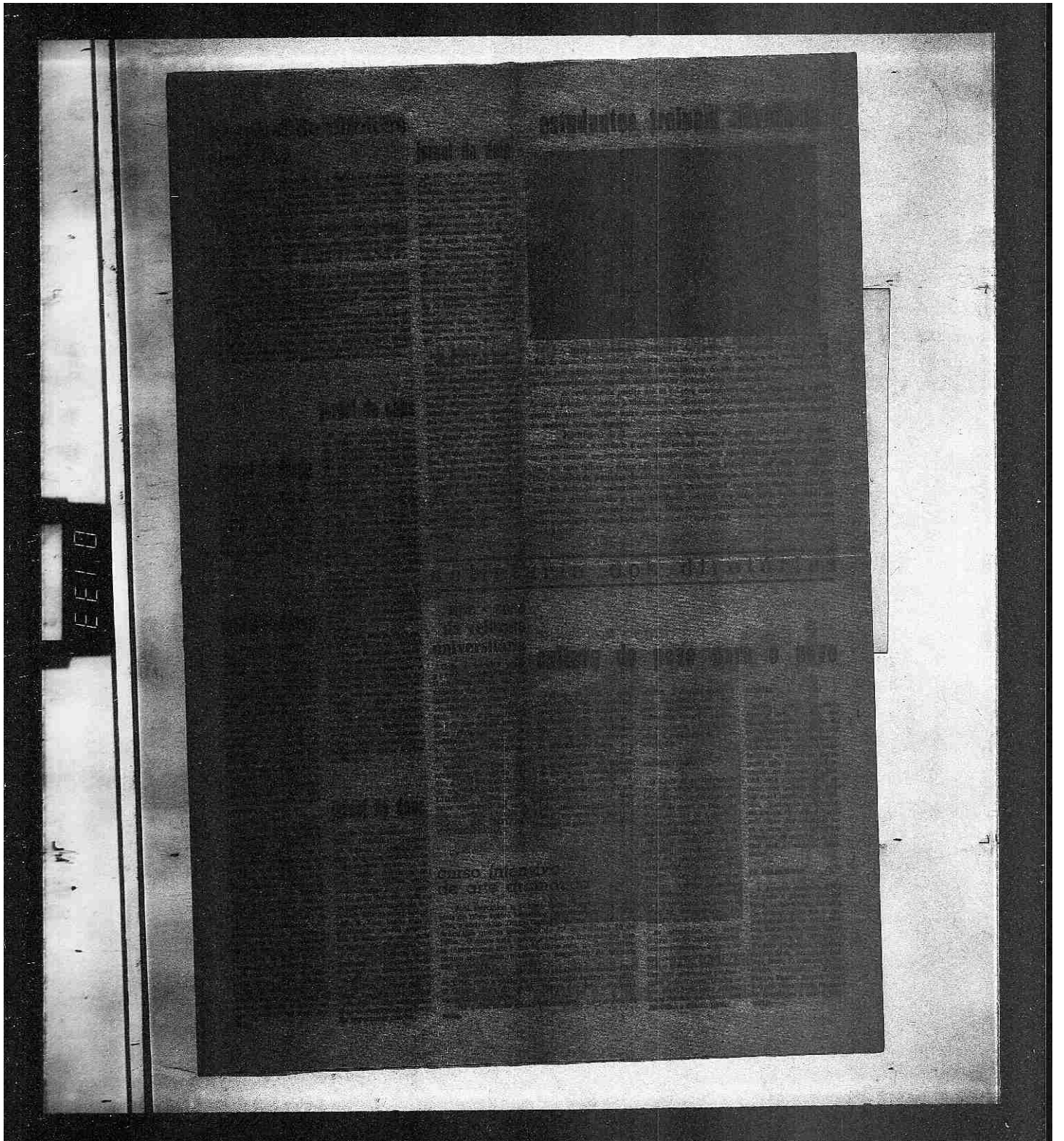


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MANIFESTO DA UNIÃO PARANAENSE DOS ESTUDANTES AOS PRESIDENTES DAS ENTIDADES COORDENADORAS E REPRESENTATIVAS DOS UNIVERSITÁRIOS BRASILEIROS : GREVE GERAL NO PARANÁ.

*Episódio
de 6/11/62
ARA*

PREZADO PRESIDENTE :

A U.P.E. através deste manifesto tem o objeto de colocar todo o estudentado brasileiro a par dos acontecimentos que ocorram no meio estudantil paranaense. Após analisar os movimentos paráditas das escolas superiores de Engenharia Química, Odontologia e Medicina, resolveu, através do seu Conselho Permanente, decretar greve geral, a partir do zero hora do dia 18 de maio, em apoio às reivindicações expressadas por aquelas faculdades.

FOR QUE GREVE ?

Os motivos pelos quais essas faculdades entraram em greve são os seguintes :

- 1 - Incompatibilidade dos alunos com a direção da escola;
- 2 - Situação de revolta dos alunos contra os maus professores e catedráticos inéptos;
- 3 - Insuficiência de material de prática de aprendizagem, laboratórios, etc;
- 4 - Horários de aula absurdos, condicionados sempre às conveniências dos professores;
- 5 - Inexistência de um critério na formação do corpo docente nas faculdades, sem do contratados professores sem ser aferida a sua capacidade didática e quase sempre por injunção do catedrático;
- 6 - Descaso dos responsáveis pelos órgãos diretivos das faculdades no trato das reivindicações estudantis.

Todos estes problemas revelam o estado contraditório do sistema educacional brasileiro.

O CONSELHO PERMANENTE ao decretar greve geral considerou como reivindicação prioritária a PARTICIPAÇÃO DE 1/3 DE ESTUDANTES NOS CTAs, CONGREGAÇÕES E CONSELHOS DEPARTAMENTAIS DAS UNIVERSIDADES, e também a participação, na referida proporção, nas comissões encarregadas da reformulação dos estatutos da Universidade e regimentos internos das faculdades.

A U.P.E. quando tomou tal decisão, baseou-a nas conclusões do IIº Seminário Nacional de Reforma Universitária, uma vez que estas refletem uma realidade objetiva das nossas Universidades.

DIREITOS DE REIVINDICAÇÕES

A participação dos alunos nos órgãos diretivos das faculdades é assegurada pelo art. 78 da Lei de Diretrizes e Bases da Educação, na forma prevista nos Regimentos Internos das respectivas Escolas, que deverão segundo o art. 112 da mesma lei, ser reformulados até o próximo dia 27 de junho. Em nosso Estado, contudo, os universitários não foram ouvidos pelas comissões encarregadas da reforma dos regimentos e, na maioria das faculdades, tais comissões ainda não foram constituídas.

Tal atitude revela a nítida intenção de se alijar a classe estudantil de importante decisão, prevendo-se a aprovação às pressas dos novos regimentos, que, por certo, condicionarão a participação estudantil nos citados órgãos à representação através do Presidente do Centro Acadêmico, que não condiz com as aspirações da classe, manifestadas no recente IIº SNUU.

Segundo as conclusões do citado conclave, a representação da classe deverá ser estabelecida de tal forma que permita a influência dos estudantes nas decisões dos órgãos diretivos e, conseqüentemente, nos destinos da comunidade universitária, à qual constituem parte integrante e principal.

Empunhando a bandeira de REFORMA UNIVERSITÁRIA e lutando na prática para a conquista de justas reivindicações, a classe universitária encontra resistência por parte dos dirigentes das Universidades, interessados em manter a atual estrutura universitária, anacrônica e caduca.

Obgamos à conclusão que só através da unidade de luta do movimento estudantil em torno de reivindicações concretas, poderemos iniciar a REFORMA UNIVERSITÁRIA, nosso objetivo supremo.

Esta é a inspiração do movimento encetado agora pela U.P.E., para o qual contamos com a compreensão e solidariedade dos colegas universitários do BRASIL.

COM AS SAUDAÇÕES UNIVERSITÁRIAS

JULIO CESAR GIOVANNETTI JR.
PRESIDENTE DA UPE

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OS ESTUDANTES AO POVO

Diante de comentários tendenciosos, feitos por jornais de outros Estados e reproduzidos no Paraná por elementos interessados em deturpar o sentido de nosso movimento, a União Paranaense dos Estudantes vem a público informar o seguinte:

1 - O Conselho Permanente da U.P.E. examinou, em sucessivas reuniões os movimentos parciais que surgidos nas Faculdades de Química, Odontologia e Medicina, todas da Universidade do Paraná, procurando encaminhar soluções amigáveis, que todavia não chegavam a solução e nem ofereciam perspectivas de atendimento, por parte das direções das referidas Escolas.

2 - Tal descaso provocou revolta nos estudantes, pois o que nos interessava realmente era a solução dos problemas surgidos e não a continuidade da greve, uma vez que a falta de aulas só prejudica os estudantes; Mas a intransigência das direções nos levou a adotar esta medida extrema, uma vez que estávamos somente defendendo - um direito estabelecido pela Lei de Diretrizes e Bases da Educação.

3 - O que pretendemos é o exercício do direito, legalmente estabelecido no art. 78 da Lei de Diretrizes e Bases, que estipula a participação dos universitários nos - Conselhos Técnicos Administrativos e nas Congregações, deixando a fixação dos números a critério das Universidades. Diante do término do prazo estipulado por lei para tal efeito, sem que nenhuma consulta nos fosse dirigida para a solução harmoniosa do problema, os estudantes resolveram defender as conclusões dos dois Seminários Nacionais de Reforma Universitária, que interpretavam fielmente os pensamentos dos universitários.

4 - Vale esclarecer que a Universidade não cumpre com a sua finalidade fundamental - que é a formação integral do homem - porque os estudantes deixam a Universidade com uma concepção individualista em sua vida profissional. A Universidade não cumpre sua missão para com o povo.

5 - Reivindicamos então a participação de um terço de estudantes nos Conselhos Técnicos Administrativos e nas Congregações das Faculdades para que possamos junto - com os professores interessados, reformar a estrutura da Universidade, colocando-a a serviço do povo que é quem paga o funcionamento da Universidade. Atualmente, com a estrutura existente, a Universidade prepara uma elite privilegiada e divorciada dos interesses populares.

6 - Consideramos que a Universidade é uma reunião de professores e alunos. Não entendemos por consequência, porque a direção dos professores não se preocupa e atribuição de orientar os seus destinos. Temos o direito de participar também da administração da Universidade.

7 - Recorremos à greve porque não querem ouvir nossas palavras, porque não aceitam o diálogo. A greve nos prejudica, mas permanecemos firmemente decididos a mantê-la porque tratamos de construir o futuro do Brasil. E a participação da nova Universidade neste futuro do Brasil é indispensável.

COMANDO DA GREVE.

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FROM : Amconsul, BELEN, PARA

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TO : THE DEPARTMENT OF STATE, WASHINGTON.

June 14, 1962

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6/8

SUBJECT: Armed Clash in the State of Maranhão

RC

There was an armed clash in a small town in the interior of Maranhão reportedly caused by the Ligas Camponesas. On May 18, 1962, a group of armed members of the Ligas Camponesas raided the town of Pirapemas, which is located along the São Luis-Teresina highway. Reportedly, the instigator of the raid was Jose Pinto NEVES, a state deputy, and reputedly a fellow traveler, and those that carried out the raid were imported from Pernambuco. According to hearsay, they carried out the armed raid and then returned to Pernambuco. Apparently the reason for the raid was that the landowners in the area had been having meetings to consider what action could be taken against the Ligas.

Following the raid of May 18, the city authorities petitioned the governor for help. On May 21, 1962, a small detachment of military police was sent by Governor Newton BELO to Pirapemas.

Various reports have been made as to what took place. Governor Newton Belo states that the incident was fomented by communistic elements within the Ligas Camponesas. It is reported that when the detachment arrived, it was fired upon by armed members of the Ligas. After the firing was over, two policemen and six of the armed men were dead.

The head of the Associação de Trabalhadores Rurais de Pirapemas claims that the Governor sent the military police to assassinate him. Upon the arrival of the police in Pirapemas, they opened fire on a group of unarmed workers, who had gathered at the Associação's headquarters. He states that two of the group fell under fire, and when others ran to their assistance, the police opened fire again, killing four more. He explained the deaths of the two policemen as the result of their being in the line of fire of their fellow policemen. He said that he had been fired on by a machine gun and a rifle and had saved himself.

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BUREAU OF
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dropping to the floor.

In São Luis, the capital of Maranhão, the Aliança Operária-Camponesa-Estudiantil, the president of which is Manoel Veracrus MARQUES, a leftist, called a general strike for May 25 in protest of the armed action taken by the Governor. The group received extensive press coverage in the São Luis newspaper, Jornal do Povo, which is owned by communist orientated federal deputy Meiva MOREIRA. The state government took extensive security measures. Police were in evidence in all parts of the town where it was expected that the group would congregate: the law school, around the governor's palace, and the main square. It is considered that the entire show was a failure. There were no large groups of marchers nor any disturbances, and the general strike did not come off although there were some reports of a slowdown at the port; however, this is not confirmed.

Edward J. Holway, Jr.
Edward J. Holway, Jr.
American Consul

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 REF : Memo of Conversation, Dec. 20, 1961; São Paulo Despatch 91⁰ Sept. 18, 1961; Weekly Summary 14, Apr. 4, 1962; Weekly Summary 15, April 10, 1962; Weekly Summary 19, May 9, 1962; Airgram A-9, Oct. 6, 1961; Despatch 188, Jan. 26, '62

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SUBJECT: "Christian Social Pledge" Reflects Left Wing Church
 DEPARTMENT OF STATE
 BUREAU OF SÃO PAULO
 INTER-AMERICAN AFFAIRS
 JUN 12 1962
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SUMMARY

The Catholic Church in São Paulo is developing a "left wing" with tendencies potentially encouraging but, in some respects, currently dangerous. Some of its analyses of social problems are unwittingly Marxist/Leninist, though they are intended to be genuinely reformist. A "Christian Social Pledge" introduced by the highest São Paulo Church official on May 15, supposedly as an "interpretation" of the Mater et Magistra, is of greater significance as a platform for this wing of the Church and its ally, the Christian Democratic Party. The Pledge holds "liberal capitalism" in no higher esteem than communism. The Consulate General assigns a high priority to improvement of this group's knowledge of U.S.-style capitalism. It is hoped that educational and cultural exchange grants will be useful tools in this project.

"Christian Social Pledge": The Background

Dom Carlos Carmelo de Vasconcellos MOTTA, Cardinal Archbishop of São Paulo, wound up a two week "Mater et Magistra Campaign" by proclaiming a "Christian Social Pledge" (enclosed) on May 15. The Campaign had begun on Brazilian Labor Day, May 1 (see Weekly Summary 19). In conspicuous attendance at the closing ceremony were prominent members of the Church "left wing" and the Christian Democratic Party.

The Consulate General has been watching with mounting interest the development of the São Paulo Catholic "left wing" and its split with the more traditional-minded Church officials. The growing importance of the faction

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From São Paulo

finds its immediate cause in the support of Archbishop Motta, who has assumed its leadership, though he was apparently not one of the founding members. Other and more basic factors, however, put São Paulo in a good position to lead the "leftist" Church movement throughout Brazil. "Leftist" as used here, it should be stated, refers not to Marxism/Leninism, but to interest in social reform. Unfortunately, the local Church "leftists" seem not always to have this distinction straight in their own minds (as will be discussed later).

Potential leadership is put within reach of São Paulo clergy by, among other things, the outstanding importance of their State on the national scene. Paulista leaders in any field carry national weight; the São Paulo Archbishop has as good a claim to Brazilian spiritual leadership as any other (though he has not been as successful in asserting it as his Rio de Janeiro colleague). The great concentration of industry in São Paulo also favors establishment of a modern reformist Church movement. In no other region of Brazil has the industrial revolution had a comparable opportunity to exert its enormous force for social change. This force has had a political side-effect which again gives São Paulo leverage for a reformist Church movement: the growth of the Christian Democratic Party. The Christian Democrats have their stronghold here. They have made themselves the strongest of the thirteen legal São Paulo parties. Their influence on the Church has been quite as strong as the current running in the other direction, and the resultant inbreeding has produced some odd mutations.

Marxist/Leninist Influence

Therein is the problem. The flowering of a reformist Church movement would on the surface appear to be the best of signs for the "Alliance for Progress." Things may work out that way in São Paulo, too, but there is the hazard that they will not. To date, the Red left has been disturbingly successful in taking advantage of the nascent Church left. The clergymen probably do not know it, but they tend to put their analyses of several social problems in Marxist/Leninist terminology. This could, clearly, lead their flocks to look toward the East for the answers. The clergy has probably been pushed toward Communist terminology by (in addition to some skillful exploitation) the unfortunate fact that Mr. Marx's brand of Manchester capitalism has plenty of parallels in São Paulo a hundred and twenty years later.

One example of Marxist-influenced thinking may be found in the Memorandum of Conversation under reference, which is copied in enclosure 3. Another is evident in the connotation of repulsion which has been built up around the word "capitalism." Yet another is the low importance attached to the principle of private enterprise.

Plainly, however, Catholics cannot accept communism as practiced. The cross between Marxist-Leninist dogma and distaste for communism has -- as --

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will readily be imagined -- born freakish hybrid fruit. Yet, capitalism, many Christian Democrats argue, is only superficially more congenial to Christianity than is communism. Both are really almost equally distant from Christianity, and capitalism, because of its sly pretense at being friendly, is really the more dangerous. Both exploit and despoil the poor workers and farmers.

One of the loudest broadcasters of this line is Christian Democratic Federal Deputy Paulo de TARSO, who goes on to argue that communism is replacing decadent capitalism. Then, by some mysterious process which Mr. Tarso does not clarify, Christianity will replace communism and we shall all live happily ever after.

This remarkable silliness is not entirely made in Brazil, of course. It is, rather, the result of regurgitation of incompletely digested foreign fare of unaccustomed richness. The principal influence, apparently, is from Marx and Lenin -- but via second-hand sources. There is no shortage of them. The Consulate General sends dozens of locally-written Communist books to the Department each year. Other sources are less obvious. French "worker priest" L. J. LEBRET's writings seem to have been influential. There are probably many other influences which only a thorough student of such matters could pick out. The Brazilian innovation seems to be the giddy way in which the available information is assembled and divulged.

The Pledge vs. The Encyclical

Archbishop Motta's "Christian Social Pledge" contains much of the leftist Church line, though in a very toned-down form. In an attempt to give the pledge general acceptance, some of the left-wing tenets were reduced to so low a common denominator that they almost escape notice. Nevertheless, there seem to be at least three distinct distortions of the Mater et Magistra in the pledge. They are indicated by number in the enclosed English translation. They become more obvious if one knows the background from which they spring and according to which they will presumably be implemented.

1) "We pledge ourselves to fight for a just international order, in which the poor nations will not be exploited by the rich; in which economic resources will be used not for warlike undertakings but to fight misery and hunger..." This both justifies the new Brazilian "independent" foreign policy and distorts the Mater et Magistra. The encyclical (paragraphs 167 - 185) speaks of the duty

1/ R. J. Bennaton Vieira's A Fome de Justiça (Livraria Freitas Bastos, Rio de Janeiro, 1962) is an interesting -- and typically incoherent -- compilation of disparate sources quoted to explain the new Church movement.

of the rich nations to help the poor, but the Pledge's "exploitation" is strictly derived from Communist talk of "economic imperialism." (This is quickly recognized by observers of the Brazilian Communist line.)

2) "...dictatorship in both its liberal capitalist form and its socialist form." ("Liberal" is here used in the archaic sense, amounting practically to the opposite of its modern meaning in English. "Laissez-faire" or "unbridled" might be better translations.) This would not be dangerous if the Church would go on to explain that unbridled individualistic capitalism, a problem in the Manchester of the 1840's and the São Paulo of the 1960's, had long since ceased to be a problem in North America and most of western Europe. But this explanation is not made -- not, at least, by this wing of the Church and the Christian Democratic party. Instead, the left wing is fond of pointing out (see paragraph on Paulo de Tarso above) that capitalism is just as inimical to Christianity as communism (or more so): a point on which the *Mater et Magistra* would not seem to agree. An assumption is made that capitalism is the same everywhere. Important public figures (Foreign Minister San Thiago DANTAS, for example) speak of the "injustices of the capitalist world" as if the Communist rather than the Western world had come closest to remedying injustices. If this idea is voiced often enough, and by sources as unsuspect as the Church, a lot of people might believe it.

3) "We pledge ourselves to fight to have the exercise of the right of property regulated before all by its social function." This takes a sentence of the *Mater et Magistra* out of context (see paragraphs 115 - 127 of encyclical) and distorts even that. Paragraph 125 of the *Mater et Magistra* affirms that private property "possesses intrinsically a social function" (italics inserted). "Fight" and "regulated" are not only more militant terms than "possesses intrinsically"; they also reflect an entirely different attitude. Celso FURTADO, Chief of SUDENE -- development agency for the Northeast -- summed up this attitude during a recent speech in São Paulo (Despatch 235 of April 5, 1962): "...it... (is) not possible to give more than an operational character to private property in the production field, or to private enterprise." In other words, there is no intrinsic value in the principle of private initiative. This point is not exclusively Marxist/Leninist -- but it certainly is not *Mater et Magistra*.

The Dangers: Church Influence in the Battle of Ideas

Much of the rest of the Pledge is unexceptionable. It claims, after all, to interpret the *Mater et Magistra*. But though only a minority of the ideas of the "left wing" seem destructive, their danger should not be underestimated at a time when the West is having a real struggle in the Brazilian battle of ideas. To spell out some of the dangers:

The false idea that "spoliation" and "greed" cause inflation (enclosure 3) has a two-pronged effect. It distracts attention from the real cause of inflation, allowing the money presses to print on without widespread public opposition. At the same time, it fans public resentment of private business, making the climate of opinion favorable to nationalizations. When enterprises become government owned, they are invariably afflicted by inefficiency and jobbery, becoming real causes of further deficits and hence further inflation: a first-class vicious circle.

The vicious circle is not helped any by the socialistic concept of private property discussed in the above note (3) to the Christian Social Pledge; nor by the assumption that capitalism is evil.

Resentment of international big business is an easy extension of the resentment (often justified) of local big business, and it provides a convenient outlet for the frustrations of underdevelopment. This process of reasoning -- or lack of reasoning -- contributes to the notion (note 1 to Pledge) of rich nations exploiting the poor ("capitalist economic imperialism").

The New Church Involvement in Politics

So far, the discussion has been confined to the theoretical plane. But the Church is no longer content to stick to preaching. In São Paulo as in much of the rest of Brazil, it is showing a determination to get into active politics. It could have a real influence in the October 1962 elections. This does not mean that clergy will personally be candidates. Some of them will be, but the trend is actually in the other direction. The new approach is to furnish guidance to Catholic voters and to politicians. In some cases, the guidance is extremely detailed. Dom Jorge Marcos de OLIVEIRA, "workers' Bishop" of the Santo André industrial suburb, for example, has just issued a call for "electoral reform." Politicians commonly call for the same thing. The difference between them and the Bishop is that Dom Jorge both meant exactly what he said and said exactly what he meant, spelling out the necessary reforms in technical detail. There will probably be more Church action of this sort. A Catholic "Family Electoral Alliance" (Aliança Eleitoral Pela Família) has been determinedly organizing. It apparently intends to name the politicians it thinks deserves support. If this gets by without arousing an unfavorable public reaction, it could be most important. The Church is a significant popular force in São Paulo.

American observers, naturally, rub their eyes and are reluctant to believe what they see when they first notice parallels between portions of the Church "left wing" line and Marxism/Leninism. Perhaps this is because logical Anglo-Saxons assume that where there is smoke, there is fire. The Consulate General doubts that there is any real fire here. There are no evidences of Communist physical "infiltration" into São Paulo Church circles. Does this, then, mean that a figure as venerable as the São Paulo Archbishop propagates unstudied convictions? Exactly.

Catholic Cooperation with Communists/Nationalists

There are, incidentally, precedents for open and active Catholic "useful innocent" cooperation with Communists. Example: São Paulo Catholic university students, directed by a priest, traditionally form an alliance with Communist students to elect a joint candidate to the Presidency of the State Student Union (União Estadual de Estudantes -- UEE). The same alliance on the national level has helped the Communists to maintain control of the important National Student Union. In the legislatures, Christian Democratic Party politicians have made some of the loudest pleas for expropriation of foreign-owned firms (see last two reports under reference).

Opposition Within the Church

There is an articulate wing of the Church which opposes the "leftist" tendencies described above. And, to confuse the issue further, many of the most level heads and best thinkers seem to be in this wing. Some of its social ideas are perhaps too conservative, as might be expected. It appears to oppose agrarian land redistribution schemes, and its labor union concepts often seem a little unreconstructed. It is interested in reforms but is less militant than the "left wing." The "left wing" moves, but with its head in the clouds; the other has its feet on the ground, but sometimes immovably. It is difficult to estimate the relative strengths of the two wings -- there are few measuring devices -- but the head-in-clouds leftist faction makes most of the news and seems to have most of the top brass in São Paulo.

Who Supports the "Left Wing"?

Centrist politicians seem to be betting on the "left wing." Many important national political figures have congratulated Archbishop Motta on his Mater et Magistra campaign and his pledge. Capable Governor CARVALHO PINTO (independent but inclined toward the Christian Democrats) was on the speakers' platform with the Archbishop when the pledge was delivered. Christian Democratic leaders made the most of the occasion, of course. Labor Minister Franco MONTORO put in the inevitable plug for his housing plan. Party President Antonio de QUEIROZ Filho was present.

Some idea of the composition of the "left wing" could be had from the Church leaders present at the ceremony. Dominican Brother Carlos JOSAPHAT was one of the speakers: his order has profoundly influenced the "new look." Labor lawyer Mario Carvalho de JESUS, organizer of the "National Labor Front" (Frente Nacional do Trabalho) was present. But leaders of the more conservative (and active) Catholic Workers' Circles (Círculos Operários) were absent, as were members of the democratic union movement. Their absence showed that some far-from-reactionary circles found cause for concern in the new "left wing"

activity. Perhaps they pondered on President GOULART's encouragement both of the Archbishop and of Communist labor leaders.

What Should We Do?

This brings up the question of U. S. policy. It is suggested that there is little choice but to use a variation of "If you can't whip 'em, join 'em." It is too bad that the São Paulo Catholic "leftist" movement did not start in more enlightened fashion, but there is no turning back now. Lack of U. S. cooperation would be counter-productive. There would be no visible point in estranging the conservative, "stand-pat" Church wing, but neither is there much to be gained by encouraging it. The goal, it is believed, should be to convince the "left wing" that the type of capitalism it finds so noxious has long since disappeared in the United States; and that the best means of social emancipation for Brazil is a path similar to that followed by the democracies of North America and Western Europe.

The Consulate General wishes to stress that the "left wing" Church movement has some very constructive aspects. Broad social reforms are urgently necessary in São Paulo as elsewhere in Brazil, and Church interest in them is encouraging. It is probably better for a responsible force such as the Church to be taking an occasionally misguided interest in social change than to be taking none at all. The new movement certainly does not merit blind support, but neither does it deserve opposition. The goal should probably be selective encouragement to the best elements of the movement, with an attempt to set straight the concepts which seem false.

How to do this? The means are limited. Contacts with Christian Democratic politicians are possible, but close personal relations with the clergymen are not easily developed. One of our best tools, perhaps, is the use of educational and cultural exchange grants. A look at U.S.-style capitalism should prove a really enlightening experience for the "left wing" of the São Paulo Church and Christian Democratic Party. The Consulate General assigns a high priority to this project.

For the Minister Consul General:

Scott C. Lyon
Scott C. Lyon
Consul

Enclosures: *AA*

1. "Christian Social Pledge" (Translation)
2. "Christian Social Pledge" in original Portuguese
3. Memorandum of Conversation between Ambassador Gordon and Archbishop Motta

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THE CHRISTIAN SOCIAL PLEDGE

We believe and affirm that Christ, redeemer of men and of all human institutions, requires today from us Christians a firm pledge to organize society on earth according to the Gospel, in justice and brotherhood.

Therefore, we pledge ourselves to fight for a society in which all men may be truly free, may have the materials necessary for their development, and may attain superior forms of culture and spirituality.

We pledge ourselves to fight to hasten the economic development of Brazil so that all Brazilians may have a truly human standard of living.

We pledge ourselves to fight so that in this process of the economic development of Brazil, the harsh sacrifice required of the workers of the city and the country may be distributed in a more just manner among all levels of the population.

We pledge ourselves to fight to make the progress of Brazil, constructed by all Brazilians, shared in by all in more just proportion.

We pledge ourselves to fight to develop all regions of Brazil harmoniously, without unjust inequities, within a Fatherland characterized by unity, integration, and solidarity.

We pledge ourselves to fight for a just international order, in which the poor nations will not be exploited by the rich 1; in which economic resources will be used not for warlike undertakings but to fight misery and hunger; in which the advancement of a peaceful society (convivio) by all nations is assured, within a respect for the culture and characteristics of peoples and continents.

We pledge ourselves to fight to make the Brazilian State the expression of real democracy, representative not of groups or of classes, but of all levels of a population, capable of sharing truly in public decisions.

We pledge ourselves to fight for the co-ordination by the Brazilian State of the economic activity of all sectors of the nation according to planning required by common welfare and avoiding dictatorship both in its liberal capitalist 2 form and its socialist form.

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We pledge ourselves to fight to have the exercise of the right of property regulated above all according to its social function. 3/

We pledge ourselves to fight to make industry (empresã) truly the unit for the production of the goods necessary for the use of the people.

We pledge ourselves to fight to make the business enterprise a real community of work, in which all may find full human fulfillment, and may also have, within just proportions, access to its ownership, its guidance, and its fruits.

Aware that these social objectives constitute an integral part of our conception of life, we Christians pledge ourselves to fight by all effective and honest means for all the basic reforms which lead us to these objectives.

For a Christian social order, for the progress of Brazil!

For a better world, in truth, in justice, and in love!

1/2/2/ - See text for notes

DCProper/lfw/vsgs

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MEMORANDUM OF CONVERSATION

Date: December 20, 1961

Place: Cardinal's Palace, São Paulo

Participants: Ambassador Lincoln Gordon
Consul Eugene Delgado-Arias, Officer in Charge,
American Consulate General, São Paulo
Consul Scott C. Lyon, Economic Officer,
American Consulate General, São Paulo
Vice Consul Datus C. Proper, Political Officer,
American Consulate General, São Paulo

Cardinal Carlos Carmelo de Vasconcellos Motta,
Archbishop of São Paulo
Monsignor José Alves Motta, Private Secretary

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Cardinal Motta gave Ambassador Gordon a friendly welcome. Three topics were discussed:

1. The Cardinal expressed his conviction that Brasília would contribute vitally to the development of the interior, mentioning the cities of Goiânia and Belo Horizonte as precedents. Ambassador Gordon said that in his opinion, speaking as an economist, roads and other developments should perhaps have preceded construction of the new capital. Cardinal Motta did not agree.
2. Cardinal Motta seemed pleased when the Ambassador mentioned having heard that he played a significant role in the crisis which followed President Quadros' resignation. The Cardinal said that he had done his best to encourage a peaceful and stable solution to the explosive problem. He thought that the political solution which was reached was "the best possible."
3. The largest part of the visit -- more than thirty minutes -- was taken up by an energetic discussion of what the Cardinal termed his "inverted thesis": a conviction that inflation was the result, not the cause, of the rising prices of consumer goods. Ambassador Gordon and Cardinal Motta agreed on the seriousness of the social problem resulting from Brazil's spiraling prices

but differed diametrically from that point on. Cardinal Motta saw the problem (which was obviously of very deep concern to him) as resulting from the "immoral exploitation" of businessmen who insist on extorting higher and ever higher prices from defenseless consumers, thus cheapening the currency and causing inflation. His example: "If a businessman makes me pay a thousand cruzeiros today for a pair of shoes which cost only five hundred yesterday, he is obviously cheapening the cruzeiro, since the shoes' value remains the same." He repeatedly used the words "greed (ganância)," "exploitation," and "spoliation." (When "exploitation" came up, he several times applied the adjectives "domestic and foreign," but the discussion did not spread to the international scene.)

During his rare opportunities to insert a sentence into the Cardinal's excited exposition, Ambassador Gordon pointed out that business morality in the United States, Italy, and other western countries was probably similar to that in Brazil, but that many of these countries had nevertheless managed to stabilize prices while improving workers' standard of living. The Ambassador explained in simple terms that the biggest cause of inflation in Brazil was undoubtedly the fact that the government was spending much more than it was taking in, printing money to make up the difference. This, he said, caused an excess and hence a cheapening of money. The Cardinal did not see how there could be said to be an excess of money when so many poor Brazilians did not have enough to buy food. Cardinal Motta believed competition for profits to be a pressure to raise prices. Ambassador Gordon pointed out that, on the contrary, free competition, operating under the law of supply and demand, would keep prices as low as practical. Several minutes were devoted to explaining the operation of the law of supply and demand to the Cardinal, who was not convinced. Ambassador Gordon promised to send him a small book to clarify the points discussed.

COMMENT: A church official might be expected to be more interested in morals than economics, but the Cardinal's aptly named "inverted thesis" went much further than that. His choice of words reflected the unmistakable influence of Brazil's nationalists/Communists. Like the left wing of the local Christian Democratic Party, for example, he seemed to consider capitalism a prime evil. The Cardinal's surprising attitude -- which he obviously took very seriously -- seemed especially dangerous because of his forcefulness and great influence. It shed new light on the ability of many Paulista Catholic clergymen, politicians, and students to follow a leftist line which Americans find inconsistent with their faith. On the other hand, the Cardinal did not appear basically unfriendly to the United States, so there may be some slight hope of influencing him. Monsignor Motta -- his private secretary, who once taught at Notre Dame University -- was much less forceful than the old Archbishop, confining himself mainly to nodding his head. He is probably more accessible than Cardinal Motta but on superficial impression did not seem capable of influencing his superior.

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O COMPROMISSO SOCIAL CRISTÃO

Acreditamos e afirmamos que Cristo, redentor dos homens e de todas as instituições humanas, exige hoje de nós cristãos um compromisso inabalável de organizar a sociedade terrena segundo o Evangelho, na justiça e na fraternidade.

Portanto, nós nos comprometemos a lutar por uma sociedade em que todos os homens de fato possam ser livres, ter os bens necessários ao seu desenvolvimento e atingir a formas superiores da cultura e da espiritualidade.

Nós nos comprometemos a lutar para apressar o desenvolvimento econômico do Brasil de modo que todos os brasileiros possam ter um padrão de vida verdadeiramente humano.

Nós nos comprometemos a lutar para que nesse processo de desenvolvimento econômico do Brasil, o sacrifício exigido duramente dos trabalhadores da cidade e do campo seja distribuído de modo mais justo entre todas as camadas da população.

Nós nos comprometemos a lutar para que o progresso do Brasil construído por todos os brasileiros seja numa proporção mais justa participado por todos.

Nós nos comprometemos a lutar para que todas as regiões do Brasil se desenvolvam harmonicamente sem desigualdades injustas dentro de uma mesma Pátria unida, integrada e solidária.

Nós nos comprometemos a lutar por uma ordem internacional justa, em que as nações pobres não sejam exploradas pelas ricas; em que ao invés de se empregarem nos preparativos bélicos sejam os recursos econômicos utilizados para combater a miséria e a fome; em que se assegure a promoção de todas as nações a um convívio pacífico, dentro do respeito a cultura e as características dos povos e dos continentes.

Nós nos comprometemos a lutar para que o Estado brasileiro seja a expressão de uma democracia verdadeira, representativa não de grupos ou de classes, mas de todas as camadas da população, tornadas capazes de participar realmente das decisões públicas.

Nós nos comprometemos a lutar para que o Estado brasileiro coordene a atividade econômica de todos os setores da Nação segundo um planejamento exigido pelo bem comum e que evite tanto a ditadura da forma liberal capitalista quanto a ditadura da forma socialista.

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Nós nos comprometemos a lutar para que o exercício do direito de propriedade se regule antes de tudo por função social.

Nós nos comprometemos a lutar para que a empresa, se torne, efetivamente, a unidade da produção dos bens necessários ao consumo do povo.

Nós nos comprometemos a lutar para que a empresa venha a tornar-se verdadeiramente comunidade de trabalho, em que todos possam encontrar sua plena realização humana, como também ter dentro de uma proporção justa, acesso à sua propriedade, à sua direção e aos seus frutos.

Conscientes de que estes objetivos sociais constituem parte integrante de nossa concepção da vida, nós cristãos nos comprometemos a lutar através de todos os meios eficazes e honestos por todas as reformas de base que a eles nos conduzem.

Por uma ordem social cristã, para o progresso do Brasil!

Por um mundo melhor, na verdade, na justiça e no amor!

vsga

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982 NO.

June 5, 1962

TO : THE DEPARTMENT OF STATE, WASHINGTON.

JUN 12 1962

REF : CERP C-1

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SUBJECT: POLITICO-ECONOMIC ASSESSMENT - BRAZIL

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SUMMARY ASSESSMENT

Brazil is going through a difficult period. There is uncertainty and indecision with respect to major political and economic problems. The hope for strong and effective leadership, which a while back it looked as if President Goulart might come to exercise, now seems lost in the politics of the election campaign. The general situation is not as discouraging as it was six months ago, but fundamental solutions to Brazil's principal political and economic problems at best will have to await the outcome of the October elections. Yet, the prospects of some measure of financial stabilization this year are better as a result of several major actions taken toward the end of May.

The situation on the political side reflects the heritage of the compromise, weak government by which possibly even bloodshed was narrowly averted at the time of the precipitate and still unexplained resignation of President Janio Quadros in August, 1961. It is also strongly influenced by the elections which will be held October 7, the first since last year's political crisis, when all of the seats in the Chamber, two-thirds of those in the Senate, and several important Governorships will figure in the contest. A third political factor contributing to the uncertainty is the impending resignation of the existing Cabinet, including the Prime Minister, at least by July 7 in order that most of the members may run for elective office in October, as well as the character of the Cabinet which will emerge. On the economic side, the high rate of inflation and general economic instability, with prices and wages chasing each other in the classic manner, has led to greater recognition of the urgent need for stabilization as Brazil's number one problem.

While Brazil is accustomed to a high rate of inflation, the 43 per cent rise in consumer prices last year and the danger that 1962 could be even worse have stimulated planning and action on stabilization by the present Government. Brazil's inflation is rooted primarily in large Government deficits financed by the printing of money. In March the Government estimated the potential cash deficit at Cr\$329 billion or 42 per cent of estimated expenditures of Cr\$778 billion. At this level it would be the largest cash deficit in Brazil's history. This is two and a half times the cash deficit in 1961 and slightly exceeded the currency in circulation on May 31.

A program has been developed to finance most of this year's deficit by non-inflationary means and to reduce other inflationary pressures by certain financial measures. On the fiscal side these objectives are being sought by some actual reduction in

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government expenditures but primarily through postponements, both of expenditures which are in the budget and in the payment of bills, and voluntary and compulsory loans. In the monetary area, limits have been set on the expansion of Bank of Brazil credit to the private sector, reserve requirements of commercial banks have been increased, exchange rates are being depreciated, and other actions have been or are to be taken. The weakness of the fiscal part of the program lies in the fact that it is largely of an emergency nature and will tend to make next year's problem more difficult since little has been done of a basic nature to halt the rise in Federal expenditures or to raise revenues on a permanent basis. The program has also been criticized on the ground that it shifts most of the burden to the private sector.

Implementation of the program thus far has been slow, but there has been some progress as a result of actions put into effect May 21 and subsequently. The reserve requirements of commercial banks have been increased substantially under a law recently enacted by the Congress, the reduction in deposits for financial transactions and imports has been frozen, the exchange market has been given some freedom and a substantial depreciation of the cruzeiro has occurred, the Cr\$60 billion reduction in government expenditures is understood to have been made effective, and the first actions have been taken to reduce the deficit of the Merchant Marine by about Cr\$6 billion this year. Legislation authorizing the voluntary and compulsory loans and the consolidation of the Government's floating debt was approved May 30.

On the other hand, some other developments have not been so favorable. The Federal wage increase, also approved May 30 will cost substantially more than assumed in the foregoing computations of the deficit. While Federal expenditures are perhaps being reduced in certain areas by the economy program, there seems no doubt that the Federal bureaucracy is continuing to be expanded -- there are persistent rumors as well as evidence that this has been done in recent weeks at accelerated rate for political reasons. No additional revenues can come from new tax legislation this year, and suburban railroad rates are still awaiting the first increase that was scheduled for April. The rise in prices through May was somewhat higher than last year for the same period, the cash deficit of the Government was up 14 per cent, which was equal to the rise in prices, the deficit of the autarchies is up substantially more

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than the cash deficit of the Government, and at the end of May the Bank of Brazil had already used 84 per cent of its credit expansion ceiling to the private sector for the year. Even with the actions taken, the prospects are that expansion of the money supply this year will probably still be substantial and that prices will rise accordingly. The program will be reasonably successful if the increase in consumer prices this year can be held to 30 per cent as the pressures from now on until the elections will increase for loosening up in the financial area.

The shock to investor confidence caused by passage by the Chamber of Deputies of the so-called Profits Remittance Bill last November and compounded by nationalization of the International Telephone and Telegraph properties in the State of Rio Grande do Sul in February has subsided somewhat and some confidence has returned as a result of the Government's approach to these problems. The full return of confidence, however, will probably await definitive action in these areas and the outcome of the October elections, and the contribution of foreign capital to capital formation and to Brazil's balance of payments this year is likely to fall below last year.

In spite of the cross-currents at work and the many uncertainties, a better feeling seems to prevail in most sectors than existed last November-December when financially the economy was sliding badly, confidence was at a low ebb, and political leadership was lacking. This appears to be related more to such things as relief that the situation is not worse, to the wage increases just secured or in store for workers, to the calm manner in which the return of Quadros in March was absorbed into the political scene, to the continuing high level of business activity, and to belief that there will be a continuing flow of U. S. aid. While this better feeling, which now seems to have begun to dissipate, is not in itself a solution to Brazil's basic economic problems, either short or long-run, it should provide a better base for attacking these problems. This is an election year, however, and the way things are now going it is doubtful whether much more constructive action can be expected from the present Congress. The appointment of a new Cabinet may clear up this uncertainty, but probably the best that can be hoped from even a good caretaker Cabinet will be a contribution toward short-run order and stability.

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INFLATION DEEPLY ROOTED IN GOVERNMENT DEFICITS IS SERIOUS PROBLEM

Consumer prices in Rio de Janeiro rose 43 per cent in 1961 for the second highest rate of increase since 1948, the base on the Getulio Vargas Foundation cost of living index. Although throughout this period Brazil experienced a high rate of inflation by any normal standards, only the increase of 52 per cent in 1959 exceeded last year's figure. The main source of Brazil's high rate of inflation has been the issuance of currency to cover Government deficits. In 1961 the cash deficit amounted to Cr\$150.4 billion* on cash expenditures of Cr\$442.6 billion*. Bank of Brazil loans to the Treasury to finance this deficit totaled Cr\$128.8 billion. The increase during 1961 of currency effectively in circulation of Cr\$102 billion represented a rise of nearly 50 per cent. Wage increases and credit expansion by commercial banks to the private sector appeared to have been at least equal to or higher than the rise in consumer prices.

As experience in Brazil shows that there is a general correlation between the increase in currency issue and the rise in prices, the prospects for 1962 on the basis of the last estimate by the Government in March presented an even more alarming outlook than the actual experience of last year. The potential cash deficit was estimated at Cr\$329 billion on expenditures of Cr\$778 billion. This is nearly two and one half times last year's deficit. The threat that such a deficit would bring a further unacceptable rise in prices in 1962 was indicated by the fact that it exceeded the currency in circulation. This was still true on May 31 when currency issue was Cr\$324 billion.

Inflation is a subject on which widely divergent views are held in Brazil, and any discussion of this subject as well as of stabilization objectives must take this fully into account. Since 1948 consumer prices have risen in most years between 15 and 25 per cent. The view that some measure of inflation is essential for achieving a satisfactory rate of economic growth, or at least is not harmful to it, has probably been more prevalent in Brazil than elsewhere, though perhaps this is less so now than during the Kubitschek regime. Even so it is not surprising that to the IMF Mission which visited Brazil in January this year, the general indifference toward inflation and stabilization was one of the most striking things which the members observed.

*Latest revised figures.

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The national income accounts of the Getulio Vargas Foundation, which are subject to question on a number of points and probably contain an upward bias, but are the best figures available, show that a high rate of growth took place during the inflationary period since World War II. Brazil's annual growth during the period 1948-1961, according to these figures, averaged 5.3 per cent and 2.6 per cent in per capita terms. For the last five years (1957-61), which included the three years since 1948 when prices rose most, the increases were 6.8 and 3.8 per cent, respectively; for 1961, when prices rose 43 per cent, the figures were 7.2 and 4.1 per cent. All of these figures include coffee stockpiling, which in some years was fairly significant. The figures for 1961 ex coffee stockpiling are 6.3 and 3.1 per cent, respectively, but are still very impressive. The figures, do not show, of course, that the rate of growth might not have been even higher without inflation.

Although many Brazilians consider a fairly high rate of inflation not harmful to satisfactory growth, it is believed that virtually all agree when the rate attains the level experienced last year, inflation is out of hand and that it must be brought down to the general area of 20 to 30 per cent.

Even before the final figures were in for 1961, Prime Minister Neves said in his speech to the Congress on November 14 on the serious economic situation: "Of all the problems which the country faces today, none is more important than the cost of living. In view of the urgency for its solution and the seriousness of its future prospects, the Government is fully aware of its significance and gives it top priority in all decisions.... The Council of Ministers is willing to gamble its own continuity on measures to curb the rate of inflation, since from the success of this task lies the future of public order...." The Prime Minister also said in that speech that inflation was the main problem which took him to the Parliament that day.

What the Brazilian Government has done, or has failed to do, to translate the Prime Minister's concern into action is dealt with in the following sections.

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NEW STABILIZATION PROGRAM DEVELOPED TO MEET INFLATION PROBLEM

The new stabilization program to meet the serious inflation threat described in the preceding section was developed by the Minister of Finance and presented to the Council of Ministers for approval on March 15. Later the same day, following its approval by the Council of Ministers, President Goulart, Prime Minister Neves and the Minister of Finance explained the Government's stabilization plans to a meeting of the leaders of all Political Parties. The official communiqué on the latter meeting stated: "The Presidents of the Parties promise to give their assistance to the program approved by the Council of Ministers and to accelerate procedures for rapid action in the Congress on the legislative measures which the program contains. They believe it is necessary for the Government to re-enforce a policy of austerity in expenditures, cutting all unnecessary expenses and limiting, until the end of the fiscal year, the appointment of employees, including employees of autarquias, except as required by urgent necessities in the public service". The stabilization program thus received the endorsement at the highest levels in both the Executive and Legislative branches of the Government.

The stabilization program, which is covered in most detail in the papers on the Brazil-U.S. financial discussions that took place in Washington in early April and in Embassy despatches, calls for action in three general areas: (1) measures to finance the Cr\$329 billion Government deficit on a non-inflationary basis; (2) financial measures to restrict monetary expansion in the private sector, and (3) exchange rate action to improve the balance of payments.

The weakest part of the program relates to the financing of the Government deficit. This part is weak not necessarily because the objectives may not be achieved in 1962 but because it relies almost wholly on the postponement of Federal expenditures into future years, mainly 1963, and on voluntary and compulsory loans. It proposes only to cover Cr\$60 billion on the deficit by actual economies in Federal expenditures. A tax reform bill introduced into the Congress last November was calculated to raise revenues by Cr\$60 billion, but since the Congress adjourned without taking action on it, no help can come from this source in 1962. An obvious requirement, if Federal deficits are ever to be brought under control, is an increase in rates charged for services provided by public institutions, as well as improvement and efficiency of these organizations. Rates charged by the railroads for many services are ridiculously low, whereas, last year the deficit of the railroads was Cr\$44.1 billion. The railroads, post office and merchant marine together had a deficit of around Cr\$75 million, or almost 55 per cent of the cash deficit of the Government in 1961. In his presentation of the Government's stabilization program to the Congress on March 21, Prime Minister Neves's

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figures still showed a Cr\$41 billion deficit not covered by the measures being proposed to the Congress. He said, however, that increases would be made in the charges for public services in order to help reduce the deficit from this source. The commitment to increase the charges for transportation, communication and electricity services was made more specific in the Washington financial discussions in April. Since the measures in the fiscal area do not provide for a halting of the increase in Government expenditures or permanent additional sources of revenue, the present emergency program will increase the difficulty of balancing the budget next year.

The second group of measures, which are aimed at limiting monetary expansion in the private area, includes limiting the credit expansion of the Bank of Brazil to the private sector to Cr\$35 billion, limiting rediscounts to commercial banks to the December 31, 1961 level, doubling the reserve requirements of commercial banks, accumulating Cr\$20 billion in the coffee account, and freezing the deposits required for imports and for financial exchange transactions. With respect to the latter point, the import deposit was 150 per cent on January 1, 1962 and 50 per cent for financial transactions, but after January 1, 1962 these were being decreased at the rate of 10 percentage points per month. Initiation of the reduction in these deposits in January was inflationary at a time when contractionary actions were called for, but it was explained at the time as a measure to restore confidence.

The final area of action involved a specific commitment in the Washington financial discussions to establish a flexible exchange rate that would not be disassociated from internal prices, aimed at reducing the balance of payments disequilibrium. An obviously unrealistic exchange rate of Cr\$310 buying and Cr\$318 selling was established early in January and was still being maintained in effect at the time of the April financial discussions.

The United States agreed to support the above-described stabilization program through "releases out of the \$129 million balance of the funds earmarked for Brazil in May 1961, as the financial program is effectively carried out and as may be mutually agreed between the two Governments," with \$35 million to be released immediately. The IMF was unwilling to go any further than to postpone \$20 million in repurchases, deciding that any further stand-by arrangement was to be based upon action by the Brazilian Government rather than on commitments. What the European banks would be willing to do with respect to unfreezing the undrawn commitments under the May 1961 financial agreements remained to be worked out later.

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IMPLEMENTATION OF STABILIZATION PROGRAM SLOW BUT SOME MEASURES TAKEN

A detailed report on the implementation of the stabilization program, as of that date, is given in Embassy Despatch 910 of May 17. As of that time implementation of the stabilization program had been slight, but even so developments in some of the problem areas had not been too unfavorable.

Progress had been made in laying the ground work for action but this was mainly in the introduction and congressional consideration of such things in the stabilization package as authority for the voluntary and compulsory loans. The only new legislative request which had been passed by the Congress was a bill authorizing the doubling of reserve requirements for commercial banks, but this bill had been introduced prior to the presentation of the stabilization program to the Congress in March and no action had been taken to put the increase into effect. The Federal wage increase bill did not seem to be coming out too well for the stabilization program. While it was still under consideration in the Chamber as a result of Senate amendments, both houses had agreed on an increase of 40 per cent, which it was estimated in the bill would cost Cr\$94.5 billion compared with Cr\$82 billion provided for in the Government's program. No action had been taken to raise rates charged for public services despite the specific commitment of the Minister of Finance in the Washington financial discussions to put the first increase in suburban railroad fares in effect in April. Although the Cr\$60 billion economy program was understood to have been put into effect, there were widely admitted charges that the addition of new employees to the Federal payrolls was reaching scandalous proportions.

In the financial area the reduction in deposits for financial transactions had been stopped as of May 1 at 10 per cent. On the other hand, the figures showed that at the end of April Bank of Brazil credit to the private sector had already reached Cr\$29.5 billion (ex coffee) as against the Cr\$35 billion limit set for the year. No action had been taken on exchange rate policy.

Except for the deficit arising from the public services which through April 21 had risen to Cr\$28 billion compared with Cr\$23.4 billion in 1961, and the rapid expansion of credit to the private sector by the Bank of Brazil, financial developments were not altogether unfavorable up to that time. The cash deficit of the Treasury through April 21 had declined from Cr\$28 billion in the preceding year to Cr\$21 billion this year. The increase in the cost of living in the first four months of 1962 was 10.1 per cent compared with 9.1 per cent in 1961. Currency issue had increased only Cr\$5 billion.

A series of actions taken over the weekend of May 19-20 put into effect a number of elements of the stabilization program on which action had long been delayed. The new exchange policy became

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effective May 21 and the rate was depreciated from Cr\$310/Cr\$318 to Cr\$350/Cr\$359.3. While this aspect of the action still has not been fully clarified by the issuance of new regulations, and some inflexibilities will perhaps be maintained until it is evident that a free exchange system is operating smoothly, it is understood that the intention is to permit the rate to fluctuate freely in response to market forces. Commercial banks reserve requirements on time deposits were increased from 7 to 14 per cent and those on sight deposits from 14 to 22 per cent. The reduction in import deposits was frozen at 100 per cent with the additional provision that only 30 per cent of a deposit may be covered by Bank of Brazil letters. This latter change means that 70 per cent of the deposits which heretofore could be made with Bank of Brazil letters will now have to be made in cash, thereby discouraging imports and in addition providing another means for future tightening of money and credit in the private sector. On May 21 the first move was made to reduce the Merchant Marine deficit. Subsidies to shipyards and private shipping lines were reduced 50 per cent, and the remaining 50 per cent is scheduled to be eliminated September 21. Rate increases were put into effect to compensate for the elimination of the first 50 per cent of the subsidy and further rate increases will accompany its elimination. From these actions the deficit of the Merchant Marine is expected to be reduced from Cr\$28 billion to Cr\$22 billion this year compared with Cr\$24 billion now included in the budget. On May 22 the coffee policy for the marketing year, July 1, 1962-June 30, 1963 was announced and constitutes another major victory for stabilization, as it provides that the retention quota will be increased from \$22 to \$23 per bag, instead of being decreased substantially as had been demanded by the coffee growers. While coffee growers did not like the support prices provided for the new crop year and an upward adjustment has been made, it looks as if the retention quota will be maintained at the \$23 level. Thus, with certain exceptions, some progress has now been made in the taking of the measures called for in the stabilization program.

The important question now is whether the Government is going to be able to hold to the program, including the ground it has gained, or whether the pressures bound to develop will force a retrogression, as a result of the confused political situation and the forthcoming elections, or even collapse of the program, with 1962 going down in history as another highly inflationary year.

It is already evident that the Government will not be able strictly to adhere to the stabilization program it has adopted. The federal pay raise, as passed by the Congress, though providing the same percentage increase asked by the Government, includes, in addition, a substantial increase in the "family salary" and was applied on a much broader basis than the Executive proposed, which is expected to result in a very substantially greater increase in payroll costs than earlier anticipated. To this must be added the costs of the wave of election-year hirings mentioned earlier. It also seems

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clear that Bank of Brazil loans to the private sector will substantially exceed the limit of Cr\$35 billion. Indeed it had already almost reached that level by the end of April with the heaviest borrowing pressures, which seasonably come in mid-year, yet to be felt.

As regard sources of Bank of Brazil financing, on one major point there is already evidence that levels forecast for non-inflationary financing of the Government deficit will not be realized. With only 1/2 year left in which to implement the program, it is doubtful that the entire anticipated issuance of Cr\$90-100 billion in adjustable bonds will be taken up this year. When the magnitude of the public indebtedness to be passed on to the private sector this year under the stabilization program is considered in the light of probable private sector savings, there is real question whether the private sector will be willing to subscribe to the full extent of the voluntary loan.

The latest figures clearly show a substantial change in the fiscal sector as compared with the situation discussed above as of April 21. The figures on the cash deficit of the Treasury and of autonomous Government institutions through May 26 compared with the same period last year are as follows (in billions of cruzeiros):

| | <u>1962</u> | <u>1961</u> | <u>Per Cent Increase</u> |
|----------------------------------|-------------|-------------|------------------------------|
| Total | 39.4 | 28.1 | 14 |
| Autonomous Govt. Institutions | 52.0* | 29.8 | 74 |

While the cash deficit of the Government as late as April 21 was well below last year, it is now 14 per cent ahead, even before reflecting the shortfall in financing which the foregoing analysis indicates is likely to occur with respect to the wage increase bill and other rising Federal expenditures. Thus far there have been no disbursements to cover the Federal wage increase, which is retro-active to April 1, nor does the cash deficit yet reflect the financing which is to be generated by the special measures in the stabilization program. With the way the fiscal sector is now developing and the deficit of the autonomous institutions clearly out of hand, plus pressures on the Bank of Brazil to expand credit to the private sector, it will not be surprising if a substantial increase in currency issue occurs by the end of the year.

* Includes Cr\$6 billion advance to BNDE to enable BNDE to deposit grant funds under Second P.L. 480 Agreement to U.S. accounts in the Bank of Brazil. This part of deficit of autarquias will not have any inflationary effect until actually expended on projects.

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BALANCE OF PAYMENTS OUTLOOK IMPROVED WITH INSTITUTION OF NEW EXCHANGE POLICY

SUMOC in February projected a balance of payments deficit of Cr\$150 million in 1962 (for details see EMEDESP 678, February 27, 1962). This was before giving effect to compensatory financing receipts estimated at \$410 million, which would come primarily from further drawings and refinancing provided for in the May, 1961 financial package. It was estimated that the compensatory financing would enable Brazil to improve its short-term position by about \$260 million in 1962. With the \$75 million which U. S. Agencies have already agreed to release, \$40 million in January at the time of the visit of the IMF Mission and \$35 million in April, and the \$105 million of U. S. and European debt postponements effective in 1962, Brazil will have available \$180 million in compensatory financing, or more than enough to cover the estimated deficit of \$150 million. In addition, there was included in the SUMOC estimate the retirement of the \$157 million in "swaps" which fall due this year. If these "swaps" are renewed and/or their place is taken by new "swaps", which has been actually occurring to such an extent that total "swaps" have been increasing, Brazil has this much additional flexibility in her international accounts before running into serious difficulties.

Moreover, the improvement in Brazil's current account last year, which strengthened by about \$250 million, indicates that Brazil's balance of payments has considerable flexibility to respond to the stimulus of a realistic exchange rate. Until the new exchange policy was put into effect on May 21, Brazil's policy in this area in 1962 had not been encouraging. An unrealistic rate of Cr\$310 buying and Cr\$318 selling per dollar was established early in January and had been maintained unchanged despite indications for weeks that a change was imminent. The effect of this unrealistic policy had been that exports were discouraged, exporters surrendered as little exchange as possible, there was pressure for greater imports, and only a very limited amount of exchange was available on a legal basis for financial transactions. While established importers were generally able to obtain exchange at Cr\$318, it also gave rise to illegal hidden practices that in effect meant that rates being charged were substantially higher on a fairly widespread basis. In putting the new exchange policy into effect Brazil has taken one of the most imperative long-overdue stabilization measures. If Brazil is able to carry out its commitment to permit the exchange rate to reflect the rise in internal prices, the possibility of avoiding balance of payments difficulties will be greatly enhanced, both from the encouragement that this rate policy will give to exports and the discouragement to imports, and also from the fact that a realistic exchange policy is a major requirement for Brazil to obtain additional external financial resources.

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In no case, however, can Brazil's balance of payments situation be considered satisfactory, as Brazil is probably operating on as precarious a basis in this sector as any other major country. Despite the Bank of Brazil's apparent policy of trying to keep down and delay demands on its foreign exchange resources, the Bank's sales of exchange contracts in convertible currencies exceeded purchases of exchange contracts by \$92 million during the first four months of 1962. Net gold and convertible exchange reserves (unpledged gold plus dollar and other convertible deposits, less New York credit lines in use) amounted to \$117.4 million on April 30, having increased by \$43.6 million since the end of the year. However, this increase was less than the \$65.5 million actually released by U. S. Agencies during this period and tended to be encumbered by the growing net commitments for sales of foreign exchange, implicit in the figures on contract transactions.

In addition, one point on which SUMOC's estimate for 1962 is probably too optimistic was in assuming a net contribution to the balance of payments of the private sector of \$171 million compared with \$115 million in 1961. For reasons discussed more fully later it seems more likely that the net contribution of the private sector will fall below last year's rather than be above it. Most American companies are believed to have been holding up new investments and expansion of old investments since passage of the so-called Profits Remittance Bill last November, and will probably now continue to do so because of the growing concern over the political situation, as well as to see what kind of Congress is elected in October.

BASIC ECONOMIC FACTORS MIXED BUT ON WHOLE OUTLOOK NOW PROBABLY NOT AS FAVORABLE AS YEAR 1961

While few basic figures are available on the Brazilian economy for the 1962 period thus far, it seems likely that 1962 will not be a year of as rapid an increase in growth as was true in 1961.

As mentioned in an earlier section, Brazil has experienced a rapid rate of growth during the last fifteen years despite the high rate of inflation. And 1961 was a little better than 1960. The August, 1961 political crisis and the passage of the Profits Remittance Bill were significant adverse developments in the Brazilian economy in 1961, but their effects will largely be reflected in 1962 and subsequent years through their influence on investment. The year 1961 was a particularly favorable one for the agricultural sector, which showed a growth of 10.2 per cent, while that for the industrial sector was 8.6 per cent. The very favorable growth in agriculture was in large part due to an increase of 37 per cent in coffee production but it was also due to ~~partly~~ the depreciation of the cruzeiro and the policy

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followed with respect to minimum prices and the supplying of credit to small farmers. Cotton exports, for example, rose 13.9 per cent in 1961, with total imports increasing 8 per cent.

During the present coffee year, July 1, 1961--June 30, 1962, the volume of coffee exports has been developing very favorably, although prices are not quite as good as they were last year. Exports for the period July, 1961--April, 1962 have totaled 15.1 million bags, compared with 14 million bags in the preceding year. It appears that coffee exports during the present coffee year will be the highest in the last six years.

Figures on exports are only available through February this year, but the dollar volume for the first two months was \$184.3 million compared with \$168.5 million last year, or up about 10 per cent. During the period of the fixed exchange rate, January 5--May 20, the exchange rate policy became increasingly discouraging to exports. With the depreciation of the cruzeiro on May 21 and the indications that the exchange rate policy is to permit the rate to reflect the rise in internal prices, a much more favorable atmosphere has been established for exports during the remainder of the year.

Thus far in 1962, business has continued to be good. Industrial consumption of electric power through March was up slightly from the preceding year, possibly by 2 or 3 per cent. Motor vehicle production in the first four months of the year was running about 10 per cent ahead of last year, although the average value per unit of output was declining as a result of production of an increasing proportion of passenger cars compared with heavy trucks.

Whether business sales generally will continue to develop favorably during the rest of the year is going to depend to a significant extent on the manner in which the Government implements the stabilization program. Implying as it does the shifting of most of the tightening of money and credit to the private sector, a really tight enforcement of the program, though desirable from the standpoint of arresting the inflation, probably would not bode well for business sales. The motor vehicle industry, and others like it which are dependent to a substantial extent on credit, would be the first areas to be affected. There is no indication yet that this is occurring, although there was a slight decline in industrial consumption of electric power in the State of São Paulo in March compared with February.

Factors that also contribute to the business uncertainty are several developments of a political character which have upset investor confidence. The August, 1961 political crisis and the passage of the so-called Profits Remittance Bill in November, 1961

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have already been mentioned. The latter, introduced and passed in one day, without hearings and by a vote of two to one in the Chamber of Deputies, was a harsh and shocking blow at foreign private investment. The effect of the preceding developments, especially abroad, was compounded by the nationalization of the American-owned telephone company in the State of Rio Grande do Sul by Governor Brizola and by threats of nationalization of other foreign-owned public utilities by other Brazilian Governors. While there has been some improvement in confidence as a result of the manner in which the Federal Government is handling both of these problems, definitive favorable action has not yet been taken in either area. The Federal Government has developed a new policy under which it proposes to take over all foreign-owned public utilities on a basis that should be satisfactory to the owners. The necessary decree to carry out this policy has already been issued. While work on developing a reasonable foreign investment statute as a substitute for or an amendment to the Chamber passed Profits Remittance Bill has progressed favorably, it is becoming less and less likely that the present Congress will pass any ~~such~~ bill before the October elections.

On top of these specific developments there has been a deterioration in the political situation during the last few weeks. It had been known for some time that most of the Cabinet Ministers would probably resign by July 7 to run for office in the October elections, but the effect of this prospective development has been growing rapidly as the date has drawn nearer. Since practically all of the present Ministers will be out of office by early July if not sooner, those running for office have their eyes on the election and are not willing to come to grips with the difficult problems under their responsibility. In addition, President Goulart's political moves since returning from his trip to the United States have contributed to the political confusion and uncertainty, and to the lack of political responsibility that now prevails. Feeling that he was losing his popular support, he has directed his efforts in recent speeches to rebuilding his popularity among the masses. He has called for basic agrarian, tax and other reforms, has blamed the present Congress for failure to pass the necessary legislation for these reforms, and has called for the giving to the new Congress constituent powers in order that it may make such reforms. The charges and countercharges and political demagoguery now going on between the President and the Congress make it questionable whether the two will be able to work any further on constructive legislation.

There seems no doubt that the shaking of investor confidence by the developments mentioned, starting in August, 1961, has led to the general postponement of expansion of existing plants and the undertaking of new projects on the part of foreign private investors. While the favorable results achieved in 1961 were a

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result of plans and programs developed long before, so that the unfavorable developments in that year did not have time for their effects to be felt during the year, the year 1962 will no doubt begin to reflect the effects in the slowing down in new foreign private investment. The fact that foreign private capital has tended to account for an increasing share of gross private capital formation in Brazil since 1952 means that a significant decrease in foreign private investment this year, which it appears will likely occur, could have a serious effect on Brazil's up-to-now favorable rate of growth. A decline in foreign private investment could be offset by increased domestic investment, but the tendency in recent years has been for the opposite to occur, i.e., for domestic investment to decline and foreign investment to increase.

SINO-SOVIET BLOC POLITICO-ECONOMIC PENETRATION CONTINUING

Although the Sino-Soviet Bloc is now being courted with the same enthusiasm and dedication which ex-President Janio Quadros devoted to it during his administration, Sino-Soviet Bloc penetration into Brazilian political and economic affairs has been and is still continuing under the Goulart-Neves administration. The present administration is more clearly dedicated to being counted as a part of the free world. At the same time, under the leadership of Foreign Minister San Tiago Dantas, Brazil has maintained its determination to pursue an independent foreign policy. This was most clearly reflected in the stand which Brazil took at the Punta del Este Conference on Cuba. It is also reflected in the fact that the present Brazilian Government has continued to carry out the policies set in motion during the Quadros administration with respect to relations with the Sino-Soviet Bloc, including such things as the re-establishment of diplomatic relations with the Soviet Union in November, 1961. Officially, Brazil has shown itself willing to deal with and to trade with any and all of the countries of the Sino-Soviet Bloc whenever the Government decided this was in the interest of Brazil. This has involved an expansion in cultural relations with the Bloc, increasing offers of technical and economic development assistance to Brazil from the Bloc, though this thus far has been mostly talk and little action, and continuing efforts to expand trade with the Sino-Soviet Bloc.

Trade agreements have been signed or renewed with most Sino-Soviet countries by the present Brazilian Government. Trade with the Bloc countries, while fairly substantial in dollar volume, is still only about 5 per cent of Brazil's total imports and exports. At \$145 million in 1961 Brazil's two-way trade with the Bloc was slightly below the 1960 level, but far below the \$400 million level which the earlier promoters of the trade set as the

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objective. Brazilian industry and commerce are not enthusiastic about Soviet products. This was even reflected in a statement by the head of the Soviet Trade Mission to Brazil who said in April that Brazil-USSR trade could be considerably reduced or become stagnant because of Brazil's reluctance to acquire Soviet products, especially machinery. It is believed that there is considerable disillusionment about the potentialities of Brazilian-Bloc trade, both in Brazil and on the Bloc side, although there are still those in Brazil who believe such trade can be advantageously expanded, especially by trading surplus coffee that is such a burden on the Brazilian economy.

While there is some doubt that there will be any expansion in over-all Brazil-Bloc trade, there is the risk that trade with Cuba, for example, may increase under the Brazil-Cuba Trade Agreement signed on August 25, 1961, especially in key machinery and parts needed to maintain the Cuban economy which are not available elsewhere. Thus far such trade has not developed, although there have been threats that it might with respect to certain items.

While trade probably will not increase and may even decline, it is believed that there will be increasing Sino-Soviet Bloc relationships in the cultural, technical assistance and economic development fields under the present Brazilian Government.

IMPLICATION OF CURRENT POLITICO-ECONOMIC SITUATION FOR U.S. POLICY

An economically strong Brazil based primarily upon private enterprise, growing at a satisfactory rate, politically democratic and clearly a part of the Free World, is obviously the goal to be sought in the interest of the United States. It is also the goal which any Brazilian Government should be seeking in the best interests of the Brazilian people and the Brazilian nation.

What the current confused political situation means, with the weak and disorganized government, and with the serious short-run economic problems of inflation and shortages of basic foods, and long-run problems of economic development and stabilization, is that the political and economic leadership on the Brazilian side, which is so essential if we are going to be able to cooperate most effectively in helping Brazil come to grips with the country's basic problems, is largely lacking. Moreover, the present weak Brazilian Government is apt to respond to an undue degree to

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emotional nationalism and statism as the simplest and politically most acceptable approach to economic problems, thereby expanding the role of an already deficit-ridden Government and increasing the obstacles to economic development.

For us it signifies that pursuing our goals during the period until the general framework in which we must exert our efforts improves, is more difficult, requires greater skill and more careful judgment. Self help in the circumstances is certain to fall short of what is to be desired both because of this reason and also because of Brazil's political problems and general lack of leadership and organization. But despite all the problems and difficulties, our interests require that we work with whatever tools are available, with whatever leadership can be found, to the maximum possible extent, to achieve our goals.

The principal means at our disposal for use in striving for our politico-economic objectives in Brazil are: (1) balance of payments assistance to enable Brazil to stabilize its economy and obtain imports needed for accelerated economic development; (2) support internationally of measures which will assist Brazil in meeting its major economic problems such as in the negotiation of an international coffee agreement, the assistance in improving the position of tropical products in the international market, etc., and (3) aid under the Alliance for Progress.

In the balance of payments area, external support can only be effective in conjunction with complementary internal measures which the local Government is carrying out. The May, 1961 financial program collapsed as a result of the Brazilian political crisis in August, 1961, and the measures which the new Brazilian Government took to deal with urgent economic problems which it faced. Under the present Government and in the present circumstances, the consistent and vigorous pursuit of an over-all program does not appear to be a reasonable possibility until or unless a strong Cabinet is installed, either before or after the October 7 elections. The IMF, for example, has declined to negotiate a new standby arrangement until tax reform legislation is enacted and other measures are taken. This does not mean that Brazil may not be able to take some needed stabilization measures. A number of such measures have already been taken and more may come and we should continue to press for as strict adherence to this stabilization as possible, although the chances now are that the stabilization program will be less rather than more vigorous during the rest of the year. In these circumstances it seems sound to extend further U. S. balance of payments support cautiously and on the basis of performance as it was indicated in the Washington financial discussions would be done after the

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release of the first \$35 million, and to endeavor to get European sources to follow the same policy. Additional releases under the remaining \$94 million credit may also be necessary to avert a balance of payments crisis, especially since Brazil's foreign exchange situation is still precarious. Such a crisis is not foreseen at this time, and will be unlikely to occur if the new exchange policy is in fact flexible and responsive to market forces, as the balance of payments still has considerable flexibility.

In the international area everything possible should be done to assist Brazil in reaching favorable solutions to her principal economic problems. The measures involved revolve around assisting Brazil in creating the possibility of an expanding market for her principal agricultural exports and with stabilizing the market and prices for such products. Whether Brazil has a Government able to take necessary internal measures or not, achievement of these objectives should help to resolve Brazil's balance of payments problem, provide needed foreign exchange to accelerate her economic development and reduce the pressure on the United States, other countries, and international financial institutions for funds for economic development purposes.

With respect to aid to be extended under the Alliance for Progress in the short run, Brazil's lack of central, coordinated planning has posed and will continue to pose problems for some time. While an effort of a sort was made in presenting USAID with a group of poorly developed emergency projects in February, only in May were the first moves made to give real life and meaning to long term planning. One of these moves involved financial assistance from USAID, the OAS, and IDB to the long-term National Planning Commission (COPLAN) decreed by the Quadros Administration to enable it to build a staff, contract for studies, etc. The other move was the establishment by a new decree of the Coordinating Commission for the Alliance for Progress (COCAP) to review the national planning and establish priorities. These new developments give promise of better and more coordinated over-all planning for economic development but in the best of circumstances considerable time and effort will be required before the results of the new planning effort can become evident. Meanwhile, while supporting the development of the National Planning Organization, the emphasis on

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U.S. support under the Alliance for Progress will probably continue to have to be placed on finding good projects to support wherever they may be which in themselves will make a real contribution to Brazil's economic development and the solution of Brazil's basic economic and social problems.

For the Ambassador:

Robert Eakens

Robert Eakens
Counselor for Economic Affairs

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FOREIGN SERVICE DESPATCH

FROM : Amambassy RIO DE JANEIRO

977

June 5, 1962

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : Amambassy Rio Despatch No. 891, May 14, 1962

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
JUN 13 1962

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SUBJECT: Brazilian Elections 1962; Report No. 8: A Status Report - Alagoas

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- VI. Federal Deputies
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This is one of a series of political status reports from each of the Brazilian states regarding the 1962 elections in Brazil.

I. GENERAL:

In the small Northeastern State of Alagoas, elections will be held for nine federal deputy posts, two of the three federal senators, and a new state legislature.

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The primary political issues will still be secondary to those of personalities, although Governor Luis Cavalcanti, through the UDN (National Democratic Union) and the PR (Republican Party), will press for candidates who he believes will be able to aid his double-edged program of political pacification and economic development. (Pacification to a surprising extent has been achieved; economic development has been barely scratched although the plans have been prepared.)

Last month the UDN suffered a serious rift in its ranks when party stalwart Arnon de Melo (newspaper publisher and former Governor) accused Governor Cavalcanti of sabotaging his UDN candidacy for federal senator. Although Arnon de Melo has now renounced his UDN candidacy, he is expected to find another party that will sponsor his candidacy. The result of the split could cripple the UDN not only in the senatorial race but also in the federal deputy races.

The PSP (Social Progressive Party), under the leadership of ex-Governor Muniz Falcão and Abraão Moura, remains surprisingly strong and strongly leftist. The PSD and the PTB (Brazilian Labor Party), although they have various strongholds within the state, are not independently strong. The PSB (Brazilian Socialist Party) has only one outstanding representative (Aurelio Vianna). Other parties, such as the PST (Social Labor Party) and the PTN (National Labor Party), are also built around individual politicians.

II. MISCELLANEOUS:

Considering that Alagoas is one of the big Northeastern sugar producing and latifundia states, it is strange that the state (bordering Pernambuco) has remained so calm to date, particularly since there is an abundance of radical left (talking) politicians. Even the Ligas Camponesas (which are present but in small numbers) have neither stirred up much noise nor disturbances. Although conditions in Alagoas are relatively better than in Pernambuco or Paraíba, the most probable answer for this apparent peacefulness is the continuing presence of "vigilante" type justice and the politicians' direct or indirect connections with the sugar industry.

III. ALAGOAS - Classification of Political Incumbents and Possible Candidates (According to Categories set forth in Report No. 1, Amembassy Rio Despatch No. 891)

A. Leftist Ultra-Nationalists (CATEGORY III)

Federal Deputy Abraão Moura, PSP

Former Governor Muniz Falcão, PSP

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B. Non-Communist Radical Reformers (CATEGORY IV)

1. Federal Deputy Aurélio Vianna, PSB
2. Federal Deputy Aloísio Nono, PTB
3. Macció Mayor - Sandoval Cajú, PST

C. Centrists (CATEGORY V)

1. Governor Luis Cavalcanti, PR & UDN
2. Federal Deputy Ary Pitombo, PTB
3. Pernambuco Governor Cid Sampaio, UDN, possible federal deputy candidate
4. Federal Senator Afranio Salgado Leges, UDN
5. Vice Governor Antonio Vilela, UDN
6. Federal Deputy Jose Maria, PTN
7. Former Federal Deputy Mendonca Junior, PDC
8. State Deputy Mendes de Barros, PDC

D. Conservatives (CATEGORY VI)

1. Federal Senator Rui Palmeira, UDN
2. Federal Deputy Carlos Gomes, UDN
3. Federal Deputy Medeiros Neto, PSD
4. Federal Deputy Odilon Souza Leão, PSP
5. Former Governor Arnon de Melo, UDN
6. State Deputy Oséas Cardoso, PTN
7. Federal Deputy Segismundo Andrade, UDN
8. Ezechias da Rocha, PDC
9. Tenorio Cardoso, PDC

F. Rightist Extremists (CATEGORY VII)

1. Federal Senator Silvestre Pericles, PSD

IV. THE GOVERNOR

(Next Election: 1964)

LUIS CAVALCANTI, FR and UDN.

Age: 45-50. An Army officer (Lt. Colonel) and engineer who was elected on a "pacification" (of the wild west politics) platform in 1960, Governor Cavalcanti has quietly undertaken several basic reform and economic development programs. To carry out his program, he has picked young technicians (some of whom profess a Catholic "left" political philosophy) rather than local politicians. Although he has succeeded in calming the outlawry of the State, his administration has been vaguely disappointing to many of the voters - perhaps because of the lack of dash and color to which the Alagoas voters have become adapted and apparently addicted. Governor Cavalcanti's disagreements with UDN officials, such as ex-Governor Arnon de Melo, will limit the effective backing for administration candidates that the Governor would normally possess. CENTRIST.

V. FEDERAL SENATORS

A. Incumbents

1. SILVESTRE PERICLES de Gois Monteiro, PSD.

Age: 60's. Once known as "the owner of Alagoas," former Governor (1947-1951) Pericles was elected federal senator in 1958. In 1960, he placed a weak third in the Alagoas gubernatorial races. He started his political career as a police delegate in Maceio and was later a judge. In the Revolution of 1930, he headed the "Military Justice of the National Forces," and in 1932 he was the "Minister" (Ministro-Relator) of the "Army Units of the East and South." He has also served as a federal deputy (1946). One of the traditional political colonels, he is said to have been responsible for the permanent removal of numerous political opponents. He is considered to be "basically" honest and, at times, anti-communist. Pericles was elected in 1958 on the PST slate, but in 1960 he returned to his former allegiance with the PSD. While not campaigning for himself this year, he will be active in fighting his political opponents - such as Arnon de Melo of the UDN. In 1958, his candidacy was supported by both the communists and integralistas (extreme rightist group). RIGHTIST EXTREMIST.

2. RUI PALMEIRA. UDN.

Born: March 2, 1919; São Miguel dos Campos, Alagoas. Vice President of the Senate, Palmeira has announced that he will be a candidate for re-election this year. He is favored to win. Once considered a leftist politician, he has altered his basic political philosophy while working - quietly and effectively - with various economic and political groups. An intelligent politician. CONSERVATIVE.

3. AFRANIO SALGADO LAGES. UDN.

Born: March 14, 1911; Maceió, Alagoas. A respected politician, Lages had planned to step out of his senate seat this year to permit the candidacy of Arnon de Melo. But now that Arnon has resigned from the UDN, Lages - having fulfilled his part of a political deal - may run for the Senate again under the PTN banner. As a Senate observer to the UN in 1961, Lages, favoring a more pro-US policy, was reported to have disagreed sharply with the Brazilian neutralist maneuvers. CENTRIST.

V.

B. Possible Senatorial Candidates

1. ARNON Afonso De Farias MELO. Ex-UDN.

Born: September 19, 1911; Rio Largo, Alagoas. Graduate of the University of Brazil Law School, Rio de Janeiro, in 1933. Federal deputy from Alagoas 1946 to 1951. In 1951 he succeeded his arch political rival, Silvestre Pericles, as the Governor of Alagoas. In 1958, he in turn lost his bid for a senatorial seat to Silvestre. Arrangements had been made for him to be one of the UDN senatorial candidates this year, but in an explosive April UDN meeting, he presented his resignation stating that Governor Luis Cavalcanti was trying to sabotage his candidacy in favor of Vice Governor Antonio Vilela. If Melo remains out of the UDN, he will be a candidate for one of the other Alagoas political parties, probably the PDC (Christian Democratic Party). An educated and cultured man, he has traveled in both Europe and the U.S. Away from politics, his career has been divided between his legal practice and journalism in both Alagoas and Rio de Janeiro. He owns several lucrative apartment buildings in the Rio de Janeiro area, in addition to the newspaper Jornal de Alagoas in Maceió and a recently acquired controlling interest in Rio de Janeiro's Diario Carioca. He is considered a political moderate, although in 1958 he was alleged by some to both: (a) be a typical example of "coronelismo" (i.e. conservative boss) and (b) to have joined consistently and enthusiastically in Alagoas practice of shooting one's opponents. CONSERVATIVE.

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2. Antonio VILELA. UDN.
Age: 45-50. From an aristocratic (sugar) Alagoas family. Vilela is a smooth and competent politician and administrator. From his work in SUDENE (Superintendency of the Development of the Northeast), as the Alagoas representative, he has even won a begrudging respect from many "anti-sugar industry" SUDENE economists. Governor Cavalcanti has been accused of maneuvering to obtain for Vilela the UDN nomination for Senator. If the Governor is unsuccessful, Vilela's name may appear on the PR ticket. CENTRIST.

3. AURELIO WIANNA da Cunha Lima. PSB.

(see III. A. 8. - Federal Deputies - Incumbents)

VI. FEDERAL DEPUTIES

A. Incumbents

1. LUIS MEDEIROS NETO. PSD.
Born: November 22, 1912; Traipu, Alagoas. A Catholic priest and teacher, he has been a federal deputy since 1951. A historian, he has written a history of the São Francisco River and is a member of the Alagoas Academy of Letters. He has already received permission from the Church to be a candidate again this year; he should have little difficulty in winning. As a politician, he is described as active, popular, conservative, and tricky. Quite an opportunist, he has recently written articles supporting the pro-nationalist, anti-Link line regarding Petrobras' exploration activities and another article justifying PSD support of leftist Miguel Arraes' candidacy for governor of Pernambuco. CONSERVATIVE.

2. ALOISIO NONO Ubaldo Silva. PTB.
Age: About 40. Completing his first term as federal deputy, Nono first gained national prominence by burning his Government-issued furniture in the middle of a Brasilia street. From Maceió, a former employee of the Banco do Brasil, he leans to the left. Despite (or because of) his eccentricities, he is popular with the Alagoas voters and should return for a second term. NON-COMMUNIST REFORMER.

3. ARY Boto PITOMBO. PTB.
Age: 55-60. Tall, heavy-set, one of the former strongmen of Alagoas, he was first elected deputy in 1950 as a PST candidate but ever since has been a PTB stalwart. During the dictatorship of Getulio Vargas, he was the Secretary of the Interior in Alagoas. During World War II, he established a concentration camp for all Germans and Italians residing in Alagoas; the mortality rate of the prisoners was high. He collaborated with the Pericles Silvestre forces and because of his PTB connections took over (and still controls) the most lucrative of the

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local retirement and pension funds Institute (IPASE). He has also been a practicing journalist. He is a good friend of President Goulart; on one occasion in 1957, he attempted to shoot Carlos Lacerda (conservative newspaper publisher and now Governor of Guanabara) who had insulted PTE-boss Goulart. Described in Alagoas as "slightly left," he is a member of the Frente Parlamentar Nacional (nationalist deputies group) and has been associated with various leftist causes and communist-front movements, but during the past year he has mellowed considerably. He has maintained his electoral popularity if not his role as "strong man" in Alagoas. CENTRIST.

4. CARLOS GOMES de Barros. UDN.
Born: July 25, 1906; Passo da Camaragibe, Alagoas. Education: Bachelor's Degree in juridical and social sciences. A lawyer in Maceió, Gomes is one of the traditional political leaders in Alagoas. He is now terminating his first term as deputy after having served several terms as a state legislator. On one occasion he was seriously wounded during a gunfight in the State Legislature. He is a part-owner of the sugar plantation Santa Amalia in Alagoas. CONSERVATIVE.

5. SEGISMUNDO ANDRADE. UDN.
Born: July 19, 1922; Pão de Açúcar, Alagoas. A graduate of the University of Recife Law School, he promptly married into a wealthy Alagoas sugar family. He served at least three terms as state deputy before being elected to the Federal Chamber in 1958. In Alagoas he is considered to be a popular young conservative politician. In 1961, he visited both the USSR and Communist China. CONSERVATIVE.

6. ABRÃO Fidelis de MOURA. PSP.
Age: About 45. A state deputy from 1950-1958, elected as federal deputy in 1958 (receiving the most votes of all candidates), he lost the gubernatorial election to Luis Cavalcanti by a narrow margin in 1960. He started his career under the aegis of Silvestre Pericles and then Muniz Falcão (Governor - 1957 to 1961). A semi-literate person, he is a hard worker and seems to obtain (or accepts credit for) all federal aid arriving in Alagoas. He adheres loudly to the nationalist platform; at various times (but not always) he has been actively supported by the Communist Party. Originally his political career depended upon votes controlled in the Alagoas interior, but he now has political supporters throughout the state. LEFTIST ULTRA-NATIONALIST.

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7. ODILON Lima de SOUZA LEAO Filho. PSP.

Born: November 13, 1922; Recife, Pernambuco. An engineer, from one of the traditionally influential Pernambuco families, he graduated from the University of Bahia Polytechnical School in 1948, served as professor in a trade school, and then headed the Alagoas Highway Commission before assuming the job of Secretary of Transportation and Public Works. He was elected to public office for the first time in 1958, as a federal deputy. A conservative, his chances for re-election are considered slim. CONSERVATIVE.

8. AURELIO VIANNA da Cunha Lima. PSB.

Born: June 9, 1914; Alagoas. A professor of law, a practicing lawyer, a protestant pastor, and a high school mathematics teacher, Vianna was first elected to the federal chamber in 1954. An intelligent, respected, and dedicated socialist, (leader of the PSB in the Chamber), he participated in the founding of the Frente Parlamentar Nacionalista in 1956. He has always been a voracious fighter against the "foreign trusts." He once provoked an unpleasant U.S.-Brazil diplomatic-military incident when he dramatically discovered that a U.S. military officer was attending "confidential" lectures in the Brazilian War College. In Alagoas, his protestantism is considered a political asset. He has won both elections with only minimum financial expenditures and his popularity rests with the middle class voters. There is a possibility that he will move his candidacy from Alagoas to the State of Guanabara - once again trying for the Federal Chamber. He is also being discussed as a possible senatorial candidate in Alagoas. It may be that he will run in both states, Alagoas and Guanabara, and for both the senatorial and deputy posts in Alagoas. He recently (after returning from a U.S. Government sponsored trip to the U.S.) defended the Alliance for Progress in the Chamber, attacking critics who blame other countries for Brazil's failings. NON-COMMUNIST RADICAL REFORMER.

9. JOSÉ MARIA de Melo. PTN.

Born: February 17, 1906; Capela, Alagoas. A practicing physician (graduate of the University of Bahia School of Medicine), Jose Maria has also manifested an interest in journalism and folklore. As a suplente (alternate) in 1960, he assumed the Chamber seat vacated by Governor Luis Cavalcanti. Although he served in the State Assembly in 1946-51 and 1955-59, he is considered somewhat out of politics and is not expected to return to the Chamber. CENTRIST.

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 From Rio de Janeiro

VI. FEDERAL DEPUTIES

B. Possible Candidates

1. Sebastiao Marinho MUNIZ FALCAO. PSP.
 Born: January 6, 1915; Ouricuri, Pernambuco. It is possible that bad health (rumoured cancer) may prevent ex-Governor (1956-1961) Falcão from winning a return ticket to the Federal Chamber where he served from 1950 to 1955. His term as Governor was a tumultuous one; he was once on the verge of being impeached. Energetic and personable, he has long used nationalism as his political vehicle. The Communist Party has supported him at various times and vice versa. After graduating from the Alagoas School of Law in 1947, he became the Regional Labor Delegate for the State of Alagoas after previously serving as Labor Delegate in Sergipe (1941) and Bahia (1945). He also wrote and acted as director for several Alagoas newspapers, (Gazeta de Alagoas, Diário de Alagoas, Jornal de Alagoas). Despite his controversial personality and his gubernatorial record, he maintains more than enough prestige among the masses to win the deputy race if he chooses to run. LEFTIST ULTRA-NATIONALIST.
2. CID SAMPAIO. UDN.
 The incumbent Governor of Pernambuco has recently been made an honorary citizen of Alagoas and may be backed by the UDN and Governor Cavalcanti as a candidate for the federal deputy race in the Alagoas elections. CENTRIST.
3. Antonio Saturnino MENDONÇA JUNIOR. PDC.
 Born: March 8, 1908; Camaragibe, Alagoas. A lawyer by profession, Mendonça has held a variety of public offices and is now the President of the Caixa Economica Federal of Alagoas (Federal Economic Bank). From 1951 to 1955, he was a Federal deputy and has a "fair" chance of returning in 1963. He is a moderate politician with a good reputation. CENTRIST.
4. OSÉAS CARDOSO. PTN.
 State President of the PTN, the state deputy who received the most votes in the last election, Oséas works closely with Arnon de Melo. Oséas' father was shot and killed by ex-Governor Silvestre Pericles, but Oséas himself is credited - personally - for an even dozen victims. Such ability with a pistol still deserves respect in Alagoas; he will be a strong candidate. CONSERVATIVE.

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5. SANDOVAL CAJU. PST.

Age: About 40. It is doubtful if anyone can talk Maceio Mayor Sandoval into leaving his three-ring circus at City Hall. But if they could, he would be a sure bet to win any race he enters. His political philosophy is completely and uniquely Sandoval Caju with no apparent alien influences. While not brilliant, he is inspired, never lacks for ideas, and is accomplishing minor municipal miracles. His only troubles are finances and an indignant city council.
NON-COMMUNIST REFORMER.

6. MENDES DE BARROS. PDC.

State Deputy from Palmeira dos Indios. He possesses a good reputation and may be the PDC's strongest candidate. CENTRIST.

7. EZECHIAS Jeronimo DA ROCHA. PDC.

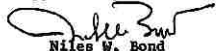
Born: December 8, 1898; Major Isidoro, Alagoas. Physician and professor. A former federal senator, given little chance of winning.
CONSERVATIVE.

8. JOSE TENORIO CARDOSO. PDC.

Maceio merchant, involved with contraband, but his wealth may make him a contender. CONSERVATIVE.

For the Ambassador:

Approved by:


Niles W. Bond
Deputy Chief of Mission


Edward J. Walters
Second Secretary of Embassy

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292 NO.

June 5, 1962

TO : THE DEPARTMENT OF STATE, WASHINGTON.

JUN 6 1962

REF :

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SUBJECT: Weekly Summary No. 23

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POLITICAL

1. Quadros' "Reform Program" Reported

A summary of what is said to be Jânio QUADROS' "reform program" has been printed by national news magazine Visão (which has frequently given better reports of the ex-President's activities than the São Paulo press). The reforms are strictly federal in scope. Their only relation to the São Paulo electoral campaign is that Quadros, if successful, "united with other Governors... would command a pressure block which would act on Congress" (Visão's words). Confidential copies of the program were said to have been sent to the Governors of Minas Gerais, Rio Grande do Sul, Goiás, Paraná, and Paraíba. All but one of these (BRIZOLA of Rio Grande do Sul) would

See last page/lfw

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still be in office during Quadros' gubernatorial term.

The most significant of Jânio's programmed reforms would allow the executive branch to pass laws by decree unless the legislature acted on them within a fixed period of time. (The effect of this on the new parliamentary system of government was not discussed.) Most of the rest of the reforms have been politicians' talking points for years: electoral (extension of vote to illiterates, reduction in number of parties, establishment of electoral districts, regulation of campaigns); administrative; discipline of foreign investments and remittance of profits (by means of two new Ministries); banking (foreign banks to be more closely regulated); agrarian; and labor (initiation of profit sharing scheme). (UNCLASSIFIED)

Comment: Analysis of the "reform program" should be withheld until the authentic version becomes available. The failure of the one local Janista paper to comment suggests that Visão's report was unofficial and premature. Quadros' staff has been promising a manifesto for some time. First it was to be a new "constitution of Jânio," then a broad platform. The above program is pallid by comparison. Like Jânio's other public pronouncements since his return, it is too late and too little. It strengthens his opponents' accusation that he is interested in the São Paulo Governorship only as a springboard to higher aspirations. (LIMITED OFFICIAL USE)

2. Jânio Gets a Party

A São Paulo State convention of the Liberator Party on June 2 nominated Jânio Quadros for Governor and José Vicente de FARIA LIMA for Vice Governor. This probably puts Quadros out of the danger of having no ticket to run on, though there is still a chance that court action by national Liberator Party officials could void the nomination (Weekly Summary 22). (UNCLASSIFIED)

Comment: Though Quadros has never attached much public importance to party support, he will probably still be anxious to obtain the nomination of the National Laborites (Partido Trabalhista Nacional -- PTN), who are strong in São Paulo. The local Liberator Party is weak and suffering from the effects of a recent minor scandal. The Party's basic tenets (to which the São Paulo branch pays little attention) are hardly compatible with those of Mr. Quadros. (LIMITED OFFICIAL USE)

3. Carvalho Pinto Wary of Araxá Governors' Meeting

Governor CARVALHO PINTO has not committed himself to attend a meeting being organized by Minas Gerais colleague Magalhães PINTO. It is scheduled to be held in early June in the resort town of Araxá, and most Brazilian Governors are reportedly expected to participate. The Minas Governor's general topic is

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apparently "basic reforms"; not much else is known. Carvalho Pinto's suspicions were obviously not sufficiently lulled by a visit from Magalhães Pinto last week. Magalhães Pinto took advantage of his trip to São Paulo to confer also with gubernatorial candidate Jânio Quadros.

It will be recalled that the Minas Gerais Governor punctured Carvalho Pinto's plans to co-sponsor a similar meeting during the 1961 political crisis. (OFFICIAL USE ONLY)

Comment: Carvalho Pinto's suspicions probably stem from three causes:

The Minas Gerais Governor is a rival (not very successful) in national prestige, and hence a potential direct political rival.

Magalhães Pinto's torpedoing of last year's Governors' meeting hints at an opposing conception of the purpose of such meetings -- a suspicion strengthened by his failure to produce a meaningful agenda. Carvalho Pinto would probably support a "disarmament conference" on specific, attainable objectives but would avoid lending weight to a propaganda session.

Obvious reservations are caused by the Minas Governor's courtship of Jânio Quadros, Carvalho Pinto's erstwhile friend, current political opponent. (LIMITED OFFICIAL USE)

4. Another Poll -- For What it is Worth

Gubernatorial candidate José Bonifácio Coutinho NOGUEIRA is comfortably ahead of opponents Jânio Quadros and Adhemar de BARROS in an electoral poll just published by a reputable (as these things go) organization known as INESE (Instituto Nacional de Estudos Sociais e Economicos). The poll was apparently done scientifically, measuring a large cross-section in the capital and smaller cities. It also asked voters for their opinions on the election's most important issues. In the city of São Paulo, improvement of education was first, housing second, agrarian reform third. In the smaller cities (some of largely agricultural economy), agrarian reform was nowhere in the first four. (OFFICIAL USE ONLY)

Comment: The poll results appear to have been manipulated in favor of administration candidate Nogueira, though Jânio and Adhemar were allowed to win in some cities and with the lower class voters. The issues, if accurate, are interesting. They are down-to-earth, indicating that the voters have not been distracted as much as might be expected by high-flown political rhetoric. This is consistent with recent São Paulo voting patterns. (LIMITED OFFICIAL USE)

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5. Janguista Groups Organize for José Bonifácio

Heavy newspaper publicity -- presumably purchased and expensive -- has surrounded the formation in São Paulo of a "Movimento Janguista pro-José Bonifácio" (João GOULART Movement for José Bonifácio). The organizer and leader seems to be Otávio Rodrigues MARIA, who was active in Goulart's 1960 São Paulo campaign and is now a prominent figure of the pro-Goulart newspaper Correio Paulistano (see Weekly Summary 22). (UNCLASSIFIED)

Comment: Another bit of evidence that President Goulart is (as previously reported) doing everything but come out publicly in favor of José Bonifácio. (OFFICIAL USE ONLY)

6. Student Strike Shuts Down Universities

The students of São Paulo's Mackenzie University are still on strike to force assimilation by the Federal school system (Weekly Summary 19). Students, professors, university, public, and government seem to agree on the desirability of this solution, but the government convincingly claims that it does not have the money.

São Paulo University law students are also on strike, asking for the resignation of an incompetent professor who obtained his chair through an examination of dubious honesty. All of the students agree with the cause, but few seem convinced that it is worth striking for.

All other local university students have now gone on strike too, partly out of "solidarity" with the above two groups, partly over such general national issues as student participation in university decisions (said to be paralyzing universities in other parts of Brazil), and partly -- from what one hears -- just to get out of classes for a while. (OFFICIAL USE ONLY)

Comment: Much ado about nothing, but reaching serious proportions. Communist students, as usual, have succeeded in wringing the maximum out of the minor issues available. (OFFICIAL USE ONLY)

7. Communist Paper Plans Move to São Paulo

The press reports that official Communist paper Novos Rumos is planning to move to São Paulo. (UNCLASSIFIED)

Comment: Further evidence of the apparent Communist intention to make São Paulo the center of action for Brazil (Weekly Summary 21). (UNCLASSIFIED)

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8. Democratic Union Movement Holds Third Regional Convention

The Democratic Union Movement (Movimento Sindical Democrático -- MSD) held its Third Regional Convention in Marília in the interior of São Paulo State on May 26 and 27. While apparently better organized than the preceding two MSD regional conventions in São José do Rio Preto (see Despatch 221 of March 16, 1962) and Aparecida do Norte (Weekly Summary 13), the Marília convention reportedly was not as well attended. Three working commissions in the fields of labor legislation, social welfare, and economic matters approved resolutions calling for improved inspection and enforcement of existing legislation, expansion and reorganization of the labor courts, improvements in medical and hospital care provided by the Social Security Institutes, effective governmental measures to contain the spiraling cost of living, reduction of inflationary Federal Government payrolls, democratic agrarian reform, and unionization of agricultural workers. As in prior regional conventions ORIT was actively represented. (UNCLASSIFIED)

Comment: The Marília convention represents a further effort on the part of the MSD to carry its program of democratic trade unionism to workers in the often-neglected interior. (UNCLASSIFIED)

PSYCHOLOGICAL

1. Local Press Reaction

Crisis in Brazil. Rumors of an imminent "coup d'état," of a social uprising in the Northeast, and of the eventual consequences of the renovation of the Brazilian Cabinet commanded the attention of editorialists during the past week. Every one of São Paulo's newspapers stressed the seriousness of the situation although there are differences of opinion regarding the culpability for present conditions. Communist and leftist agents have been held responsible in the main. Their activities in the country, mainly in the Northeast, together with the indulgence of governmental authorities toward them are decried. "No one doubts that conditions for a social uprising exist, awaiting only the decision of the Russian Embassy for a coup against legally constituted governmental institutions," said O Estado de São Paulo. A number of São Paulo newspapers bitterly attacked the Government -- President João Goulart in particular -- and stated that the President is interested in maintaining the existing critical situation for two possible reasons: 1) to prepare the country for a dictatorship or 2) to make the people so discontent with the parliamentary system that the way will be paved for the return of the presidential. Politicians in general are criticized for their "dubious, pernicious and ulterior motive activities." "They hope to benefit from any social or political disturbance which may occur in the country," said Diário Popular. Foreign and national economic groups were attacked by Última Hora which charged them with being interested in creating a "climate of insurrection" in Brazil.

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Brazil's Foreign Policy and Motion to Censure Minister Dantas. Two events related to Brazil's foreign policy were widely editorialized by São Paulo's press: the rejection by the Chamber of Deputies of a motion to censure Minister San Thiago DANTAS and the rumored attempt of Itamarati's Undersecretary Renato ARCHER to induce the Papal nuncio in Brazil to prevail upon the Archbishop of Rio de Janeiro to refrain from criticizing Brazil's foreign policy and denouncing Communist infiltration. The legislative body was lauded for having rejected the motion to censure Dantas by some newspapers, while others attacked it. Diario de São Paulo was extremely caustic and said that "there was no hope that the motion would be approved by a Chamber which is rotting in Brasilia." The incident between Undersecretary Archer and the religious authorities was qualified as "an unhappy step for Mr. Archer" and "a new proof of the irresponsibility of those who are conducting Brazil's foreign policy."

The Failure of Communism. Several editorials were devoted to the failure of Communism and referred to the increasing number of Chinese escaping from Red China to seek refuge in Hong Kong as well as the hike in prices of meat and butter ordered by the Soviet Government. Most of São Paulo's papers sarcastically interpreted these facts as "a result of the Marxist Utopia in Cuba, East Germany and China," while hunger in China was qualified as an example of what has followed the land reforms instituted by the Communists. The attacks made by KRUSHCHEV on the Common Market during the opening of the Italian Industrial Fair in Moscow were analyzed by the local press as an attempt to transfer the Cold War to the economic front and thereby explain away the failure of Marxist economy.

Alliance for Progress. "Forgive him, Lord..." said A Gazeta referring to "premier" Krushchev's attacks on the Alliance for Progress. The newspapers added that the Communists are not interested in the social and economic development of Latin America because the "underdevelopment of the New World is propitious to their sinister plans." Assis CHATEAUBRIAND, writing for Diario de São Paulo, criticized the governors of São Paulo and Minas Gerais for doing nothing to stop the Communists' "campaign to denigrate the accomplishments of the Alliance for Progress."

For the Minister Consul General


Scott C. Lyon
Consul

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June 5, 1962

TO : THE DEPARTMENT OF STATE, WASHINGTON.

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SUBJECT: LEFTIST WEEKLY CRITICIZES NATIONAL LIBERATION FRONT FOR INACTIVITY

The present weak state of the Frente da Libertação Nacional (FLN-National Liberation Front) is indicated by an editorial rebuke to it in O Semanário of May 17, 1962. O Semanário is a weekly crypto-Communist newspaper that reappeared last month after a six-month hiatus. The same editorial notes that "anonymous readers" have supplied funds for three months of operation. The editorial is headed "Brizzola, Mauro and Arraes, What Have You Done with the FLN?". It recalls the high hopes held out for the Front when it held its initial meeting in Goiania, capital of Goiás, on October 24, 1961 despite, the editorial says, the absence of labor leaders and the high incidence of Janistas. "Seven months have gone by and the Front has not shown a sign of life." Brizzola is criticized for failing to follow through on creating a national program and a national organization and for not even paying the rent on the headquarters he set up in Rio. Brizzola, Borges and Arraes are criticized for not founding movements in their states and for allowing O Semanário to fail (temporarily) because of financial difficulties without sending even "one word of moral support."

All this proves, says the editorial, that politicians like to talk, make speeches, give interviews, appear on the pages of national magazines but they shrink from organizational work "because they know what an organized people will mean to most of them."

- 1 Although of course speculation, this scorn of leftist politicians expressed in a leftist political newspaper smacks of the horny-handed Communist activist. The Embassy to date has been unable to trace O Semanário backing to the PCP.

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DEPARTMENT OF STATE
BUREAU OF
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JUN - 1 1962

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Desp. No. 974
From Brasilia Office

The editorial closes with a renewed appeal to the trio to organize--"the labels are not important"--and a parting pat on the back for having pointed out the rôle of the U.S. Embassy in interfering in Brazilian life.

Comment: Embassy Despatch 473 of December 12, 1961 predicted an unpromising future for the FLN unless there were a sharp downturn in political and economic conditions. Such a downturn has not occurred, although some stress has been put on the social fabric, particularly in the Northeast, by rural unemployment, drought and soaring food prices. Any advantage the FLN might have achieved from this has been obviated by the disparate paths followed by Brizzola, Arraes and Borges. Arraes is currently the front-runner in the Pernambuco gubernatorial race and has not recently sought to project himself on the national scene. For the moment, it is to his advantage to avoid trumpeting his connection with the near-Communist left, since to do so might provoke the PSD and the UDN to unite on a stronger candidate than the UDN's present candidate, João Cleofas. Large factions in both parties appear ready to leap on the Arraes bandwagon or else to stoically let it roll over them. Brizzola, on the other hand, with his state base of power soon to disappear after a distinctly unsuccessful governorship, has made his extremism plain. (Embtel 2772) Borges, with two more years as governor remaining, apparently is giving consideration to whether the Alliance for Progress may hold out more promise than anti-U.S. demagoguery, and has taken a public position on the Alliance directly opposed to that of Brizzola. According to the May 23 "Diario da Tarde" of Goiania, the site of the planned July Congress of the FLN has been shifted from Goiania to Brasilia, which may indicate Borges' desire to stay close, but not too close, to FLN activity. And Janio Quadros, who still has the potential to convert the FLN into an effective and dangerous instrument, has thus far remained publicly indifferent to it.

For the Ambassador:

APPROVED:

Philip Raine
Philip Raine
Counselor of Embassy
for Political Affairs

Harry Weiner
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Second Secretary of Embassy

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FROM : AMEMBASSY, RIO DE JANEIRO NO. 982

June 5, 1962

TO : THE DEPARTMENT OF STATE, WASHINGTON.

JUN 7 1962

REF : CERP C-1

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SUBJECT: POLITICO-ECONOMIC ASSESSMENT - BRAZIL

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SUMMARY ASSESSMENT

Brazil is going through a difficult period. There is uncertainty and indecision with respect to major political and economic problems. The hope for strong and effective leadership, which a while back it looked as if President Goulart might come to exercise, now seems lost in the politics of the election campaign. The general situation is not as discouraging as it was six months ago, but fundamental solutions to Brazil's principal political and economic problems at best will have to await the outcome of the October elections. Yet, the prospects of some measure of financial stabilization this year are better as a result of several major actions taken toward the end of May.

The situation on the political side reflects the heritage of the compromise, weak government by which possibly even bloodshed was narrowly averted at the time of the precipitate and still unexplained resignation of President Janio Quadros in August, 1961. It is also strongly influenced by the elections which will be held October 7, the first since last year's political crisis, when all of the seats in the Chamber, two-thirds of those in the Senate, and several important Governorships will figure in the contest. A third political factor contributing to the uncertainty is the impending resignation of the existing Cabinet, including the Prime Minister, at least by July 7 in order that most of the members may run for elective office in October, as well as the character of the Cabinet which will emerge. On the economic side, the high rate of inflation and general economic instability, with prices and wages chasing each other in the classic manner, has led to greater recognition of the urgent need for stabilization as Brazil's number one problem.

While Brazil is accustomed to a high rate of inflation, the 43 per cent rise in consumer prices last year and the danger that 1962 could be even worse have stimulated planning and action on stabilization by the present Government. Brazil's inflation is rooted primarily in large Government deficits financed by the printing of money. In March the Government estimated the potential cash deficit at Cr\$329 billion or 42 per cent of estimated expenditures of Cr\$778 billion. At this level it would be the largest cash deficit in Brazil's history. This is two and a half times the cash deficit in 1961 and slightly exceeded the currency in circulation on May 31.

A program has been developed to finance most of this year's deficit by non-inflationary means and to reduce other inflationary pressures by certain financial measures. On the fiscal side these objectives are being sought by some actual reduction in

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government expenditures but primarily through postponements, both of expenditures which are in the budget and in the payment of bills, and voluntary and compulsory loans. In the monetary area, limits have been set on the expansion of Bank of Brazil credit to the private sector, reserve requirements of commercial banks have been increased, exchange rates are being depreciated, and other actions have been or are to be taken. The weakness of the fiscal part of the program lies in the fact that it is largely of an emergency nature and will tend to make next year's problem more difficult since little has been done of a basic nature to halt the rise in Federal expenditures or to raise revenues on a permanent basis. The program has also been criticized on the ground that it shifts most of the burden to the private sector.

Implementation of the program thus far has been slow, but there has been some progress as a result of actions put into effect May 21 and subsequently. The reserve requirements of commercial banks have been increased substantially under a law recently enacted by the Congress, the reduction in deposits for financial transactions and imports has been frozen, the exchange market has been given some freedom and a substantial depreciation of the cruzeiro has occurred, the Cr.60 billion reduction in government expenditures is understood to have been made effective, and the first actions have been taken to reduce the deficit of the Merchant Marine by about Cr.6 billion this year. Legislation authorizing the voluntary and compulsory loans and the consolidation of the Government's floating debt was approved May 30.

On the other hand, some other developments have not been so favorable. The Federal wage increase, also approved May 30 will cost substantially more than assumed in the foregoing computations of the deficit. While Federal expenditures are perhaps being reduced in certain areas by the economy program, there seems no doubt that the Federal bureaucracy is continuing to be expanded -- there are persistent rumors as well as evidence that this has been done in recent weeks at accelerated rate for political reasons. No additional revenues can come from new tax legislation this year, and suburban railroad rates are still awaiting the first increase that was scheduled for April. The rise in prices through May was somewhat higher than last year for the same period, the cash deficit of the Government was up 14 per cent, which was equal to the rise in prices, the deficit of the autarchies is up substantially more

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than the cash deficit of the Government, and at the end of May the Bank of Brazil had already used 84 per cent of its credit expansion ceiling to the private sector for the year. Even with the actions taken, the prospects are that expansion of the money supply this year will probably still be substantial and that prices will rise accordingly. The program will be reasonably successful if the increase in consumer prices this year can be held to 30 per cent as the pressures from now on until the elections will increase for loosening up in the financial area.

The shock to investor confidence caused by passage by the Chamber of Deputies of the so-called Profits Remittance Bill last November and compounded by nationalization of the International Telephone and Telegraph properties in the State of Rio Grande do Sul in February has subsided somewhat and some confidence has returned as a result of the Government's approach to these problems. The full return of confidence, however, will probably await definitive action in these areas and the outcome of the October elections, and the contribution of foreign capital to capital formation and to Brazil's balance of payments this year is likely to fall below last year.

In spite of the cross-currents at work and the many uncertainties, a better feeling seems to prevail in most sectors than existed last November-December when financially the economy was sliding badly, confidence was at a low ebb, and political leadership was lacking. This appears to be related more to such things as relief that the situation is not worse, to the wage increases just secured or in store for workers, to the calm manner in which the return of Quadros in March was absorbed into the political scene, to the continuing high level of business activity, and to belief that there will be a continuing flow of U. S. aid. While this better feeling, which now seems to have begun to dissipate, is not in itself a solution to Brazil's basic economic problems, either short or long-run, it should provide a better base for attacking these problems. This is an election year, however, and the way things are now going it is doubtful whether much more constructive action can be expected from the present Congress. The appointment of a new Cabinet may clear up this uncertainty, but probably the best that can be hoped from even a good caretaker Cabinet will be a contribution toward short-run order and stability.

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INFLATION DEEPLY ROOTED IN GOVERNMENT DEFICITS IS SERIOUS PROBLEM

Consumer prices in Rio de Janeiro rose 43 per cent in 1961 for the second highest rate of increase since 1948, the base on the Getulio Vargas Foundation cost of living index. Although throughout this period Brazil experienced a high rate of inflation by any normal standards, only the increase of 52 per cent in 1959 exceeded last year's figure. The main source of Brazil's high rate of inflation has been the issuance of currency to cover Government deficits. In 1961 the cash deficit amounted to Cr\$130.4 billion* on cash expenditures of Cr\$442.6 billion*. Bank of Brazil loans to the Treasury to finance this deficit totaled Cr\$123.8 billion. The increase during 1961 of currency effectively in circulation of Cr\$102 billion represented a rise of nearly 50 per cent. Wage increases and credit expansion by commercial banks to the private sector appeared to have been at least equal to or higher than the rise in consumer prices.

As experience in Brazil shows that there is a general correlation between the increase in currency issue and the rise in prices, the prospects for 1962 on the basis of the last estimate by the Government in March presented an even more alarming outlook than the actual experience of last year. The potential cash deficit was estimated at Cr\$329 billion on expenditures of Cr\$778 billion. This is nearly two and one half times last year's deficit. The threat that such a deficit would bring a further unacceptable rise in prices in 1962 was indicated by the fact that it exceeded the currency in circulation. This was still true on May 31 when currency issue was Cr\$324 billion.

Inflation is a subject on which widely divergent views are held in Brazil, and any discussion of this subject as well as of stabilization objectives must take this fully into account. Since 1948 consumer prices have risen in most years between 15 and 25 per cent. The view that some measure of inflation is essential for achieving a satisfactory rate of economic growth, or at least is not harmful to it, has probably been more prevalent in Brazil than elsewhere, though perhaps this is less so now than during the Kubitschek regime. Even so it is not surprising that to the IMF Mission which visited Brazil in January this year, the general indifference toward inflation and stabilization was one of the most striking things which the members observed.

*Latest revised figures.

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The national income accounts of the Getulio Vargas Foundation, which are subject to question on a number of points and probably contain an upward bias, but are the best figures available, show that a high rate of growth took place during the inflationary period since World War II. Brazil's annual growth during the period 1948-1961, according to these figures, averaged 5.3 per cent and 2.6 per cent in per capita terms. For the last five years (1957-61) which included the three years since 1948 when prices rose most, the increases were 6.8 and 3.8 per cent, respectively; for 1961, when prices rose 43 per cent, the figures were 7.2 and 4.1 per cent. All of these figures include coffee stockpiling, which in some years was fairly significant. The figures for 1961 ex coffee stockpiling are 6.3 and 3.1 per cent, respectively, but are still very impressive. The figures, do not show, of course, that the rate of growth might not have been even higher without inflation.

Although many Brazilians consider a fairly high rate of inflation not harmful to satisfactory growth, it is believed that virtually all agree when the rate attains the level experienced last year, inflation is out of hand and that it must be brought down to the general area of 20 to 30 per cent.

Even before the final figures were in for 1961, Prime Minister Neves said in his speech to the Congress on November 14 on the serious economic situation: "Of all the problems which the country faces today, none is more important than the cost of living. In view of the urgency for its solution and the seriousness of its future prospects, the Government is fully aware of its significance and gives it top priority in all decisions.... The Council of Ministers is willing to gamble its own continuity on measures to curb the rate of inflation, since from the success of this task lies the future of public order...." The Prime Minister also said in that speech that inflation was the main problem which took him to the Parliament that day.

What the Brazilian Government has done, or has failed to do, to translate the Prime Minister's concern into action is dealt with in the following sections.

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NEW STABILIZATION PROGRAM DEVELOPED TO MEET INFLATION PROBLEM

The new stabilization program to meet the serious inflation threat described in the preceding section was developed by the Minister of Finance and presented to the Council of Ministers for approval on March 15. Later the same day, following its approval by the Council of Ministers, President Goulart, Prime Minister Neves, and the Minister of Finance explained the Government's stabilization plans to a meeting of the leaders of all Political Parties. The official communiqué on the latter meeting stated: "The Presidents of the Parties promise to give their assistance to the program approved by the Council of Ministers and to accelerate procedures for rapid action in the Congress on the legislative measures which the program contains. They believe it is necessary for the Government to re-enforce a policy of austerity in expenditures, cutting all unnecessary expenses and limiting, until the end of the fiscal year, the appointment of employees, including employees of autarquias, except as required by urgent necessities in the public service". The stabilization program thus received the endorsement at the highest levels in both the Executive and Legislative branches of the Government.

The stabilization program, which is covered in most detail in the papers on the Brazil-U.S. financial discussions that took place in Washington in early April and in Embassy despatches, calls for action in three general areas: (1) measures to finance the Cr\$329 billion Government deficit on a non-inflationary basis; (2) financial measures to restrict monetary expansion in the private sector, and (3) exchange rate action to improve the balance of payments.

The weakest part of the program relates to the financing of the Government deficit. This part is weak not necessarily because the objectives may not be achieved in 1962 but because it relies almost wholly on the postponement of Federal expenditures into future years, mainly 1963, and on voluntary and compulsory loans. It proposes only to cover Cr\$60 billion on the deficit by actual economies in Federal expenditures. A tax reform bill introduced into the Congress last November was calculated to raise revenues by Cr\$60 billion, but since the Congress adjourned without taking action on it, no help can come from this source in 1962. An obvious requirement, if Federal deficits are ever to be brought under control, is an increase in rates charged for services provided by public institutions, as well as improvement and efficiency of these organizations. Rates charged by the railroads for many services are ridiculously low, whereas, last year the deficit of the railroads was Cr\$44.1 billion. The railroads, post office and merchant marine together had a deficit of around Cr\$75 million, or almost 55 per cent of the cash deficit of the Government in 1961. In his presentation of the Government's stabilization program to the Congress on March 21, Prime Minister Neves's

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figures still showed a Cr\$1 billion deficit not covered by the measures being proposed to the Congress. He said, however, that increases would be made in the charges for public services in order to help reduce the deficit from this source. The commitment to increase the charges for transportation, communication and electricity services was made more specific in the Washington financial discussions in April. Since the measures in the fiscal area do not provide for a halting of the increase in Government expenditures or permanent additional sources of revenue, the present emergency program will increase the difficulty of balancing the budget next year.

The second group of measures, which are aimed at limiting monetary expansion in the private area, includes limiting the credit expansion of the Bank of Brazil to the private sector to Cr\$35 billion, limiting rediscounts to commercial banks to the December 31, 1961 level, doubling the reserve requirements of commercial banks, accumulating Cr\$20 billion in the coffee account, and freezing the deposits required for imports and for financial exchange transactions. With respect to the latter point, the import deposit was 150 per cent on January 1, 1962 and 50 per cent for financial transactions, but after January 1, 1962 these were being decreased at the rate of 10 percentage points per month. Initiation of the reduction in these deposits in January was inflationary at a time when contractionary actions were called for, but it was explained at the time as a measure to restore confidence.

The final area of action involved a specific commitment in the Washington financial discussions to establish a flexible exchange rate that would not be disassociated from internal prices, aimed at reducing the balance of payments disequilibrium. An obviously unrealistic exchange rate of Cr\$310 buying and Cr\$318 selling was established early in January and was still being maintained in effect at the time of the April financial discussions.

The United States agreed to support the above-described stabilization program through "releases out of the \$129 million balance of the funds earmarked for Brazil in May 1961, as the financial program is effectively carried out and as may be mutually agreed between the two Governments," with \$35 million to be released immediately. The IMF was unwilling to go any further than to postpone \$20 million in repurchases, deciding that any further stand-by arrangement was to be based upon action by the Brazilian Government rather than on commitments. What the European banks would be willing to do with respect to unfreezing the undrawn commitments under the May 1961 financial agreements remained to be worked out later.

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IMPLEMENTATION OF STABILIZATION PROGRAM SLOW BUT SOME MEASURES TAKEN

A detailed report on the implementation of the stabilization program, as of that date, is given in Embassy Despatch 910 of May 17. As of that time implementation of the stabilization program had been slight, but even so developments in some of the problem areas had not been too unfavorable.

Progress had been made in laying the ground work for action but this was mainly in the introduction and congressional consideration of such things in the stabilization package as authority for the voluntary and compulsory loans. The only new legislative request which had been passed by the Congress was a bill authorizing the doubling of reserve requirements for commercial banks, but this bill had been introduced prior to the presentation of the stabilization program to the Congress in March and no action had been taken to put the increase into effect. The Federal wage increase bill did not seem to be coming out too well for the stabilization program. While it was still under consideration in the Chamber as a result of Senate amendments, both houses had agreed on an increase of 40 per cent, which it was estimated in the bill would cost Cr\$94.5 billion compared with Cr\$82 billion provided for in the Government's program. No action had been taken to raise rates charged for public services despite the specific commitment of the Minister of Finance in the Washington financial discussions to put the first increase in suburban railroad fares in effect in April. Although the Cr\$60 billion economy program was understood to have been put into effect, there were widely admitted charges that the addition of new employees to the Federal payrolls was reaching scandalous proportions.

In the financial area the reduction in deposits for financial transactions had been stopped as of May 1 at 10 per cent. On the other hand, the figures showed that at the end of April Bank of Brazil credit to the private sector had already reached Cr\$29.5 billion (ex coffee) as against the Cr\$35 billion limit set for the year. No action had been taken on exchange rate policy.

Except for the deficit arising from the public services which through April 21 had risen to Cr\$28 billion compared with Cr\$25.4 billion in 1961, and the rapid expansion of credit to the private sector by the Bank of Brazil, financial developments were not altogether unfavorable up to that time. The cash deficit of the Treasury through April 21 had declined from Cr\$28 billion in the preceding year to Cr\$21 billion this year. The increase in the cost of living in the first four months of 1962 was 10.1 per cent compared with 9.1 per cent in 1961. Currency issue had increased only Cr\$5 billion.

A series of actions taken over the weekend of May 19-20 put into effect a number of elements of the stabilization program on which action had long been delayed. The new exchange policy became

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effective May 21 and the rate was depreciated from Cr\$310/Cr\$318 to Cr\$350/Cr\$359.3. While this aspect of the action still has not been fully clarified by the issuance of new regulations, and some inflexibilities will perhaps be maintained until it is evident that a free exchange system is operating smoothly, it is understood that the intention is to permit the rate to fluctuate freely in response to market forces. Commercial banks reserve requirements on time deposits were increased from 7 to 14 per cent and those on sight deposits from 14 to 22 per cent. The reduction in import deposits was frozen at 100 per cent with the additional provision that only 30 per cent of a deposit may be covered by Bank of Brazil letters. This latter change means that 70 per cent of the deposits which heretofore could be made with Bank of Brazil letters will now have to be made in cash, thereby discouraging imports and in addition providing another means for future tightening of money and credit in the private sector. On May 21 the first move was made to reduce the Merchant Marine deficit. Subsidies to shipyards and private shipping lines were reduced 50 per cent, and the remaining 50 per cent is scheduled to be eliminated September 21. Rate increases were put into effect to compensate for the elimination of the first 50 per cent of the subsidy and further rate increases will accompany its elimination. From these actions the deficit of the Merchant Marine is expected to be reduced from Cr\$28 billion to Cr\$22 billion this year compared with Cr\$24 billion now included in the budget. On May 22 the coffee policy for the marketing year, July 1, 1962-June 30, 1963 was announced and constitutes another major victory for stabilization, as it provides that the retention quota will be increased from \$22 to \$23 per bag, instead of being decreased substantially as had been demanded by the coffee growers. While coffee growers did not like the support prices provided for the new crop year and an upward adjustment has been made, it looks as if the retention quota will be maintained at the \$23 level. Thus, with certain exceptions, some progress has now been made in the taking of the measures called for in the stabilization program.

The important question now is whether the Government is going to be able to hold to the program, including the ground it has gained, or whether the pressures bound to develop will force a retrogression, as a result of the confused political situation and the forthcoming elections, or even collapse of the program, with 1962 going down in history as another highly inflationary year.

It is already evident that the Government will not be able strictly to adhere to the stabilization program it has adopted. The Federal pay raise, as passed by the Congress, though providing the same percentage increase asked by the Government, includes, in addition, a substantial increase in the "family salary" and was applied on a much broader basis than the Executive proposed, which is expected to result in a very substantially greater increase in payroll costs than earlier anticipated. To this must be added the costs of the wave of election-year hirings mentioned earlier. It also seems

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clear that Bank of Brazil loans to the private sector will substantially exceed the limit of Cr\$35 billion. Indeed it had already almost reached that level by the end of April with the heaviest borrowing pressures, which seasonably come in mid-year, yet to be felt.

As regard sources of Bank of Brazil financing, on one major point there is already evidence that levels forecast for non-inflationary financing of the Government deficit will not be realized. With only 1/2 year left in which to implement the program, it is doubtful that the entire anticipated issuance of Cr\$90-100 billion in adjustable bonds will be taken up this year. When the magnitude of the public indebtedness to be passed on to the private sector this year under the stabilization program is considered in the light of probable private sector savings, there is real question whether the private sector will be willing to subscribe to the full extent of the voluntary loan.

The latest figures clearly show a substantial change in the fiscal sector as compared with the situation discussed above as of April 21. The figures on the cash deficit of the Treasury and of autonomous Government institutions through May 26 compared with the same period last year are as follows (in billions of cruzeiros):

| | 1962 | 1961 | Per Cent Increase |
|-------------------------------|-------|------|-------------------|
| Total | 39.4 | 28.1 | 14 |
| Autonomous Govt. Institutions | 52.0* | 29.8 | 74 |

While the cash deficit of the Government as late as April 21 was well below last year, it is now 14 per cent ahead, even before reflecting the shortfall in financing which the foregoing analysis indicates is likely to occur with respect to the wage increase bill and other rising Federal expenditures. Thus far there have been no disbursements to cover the Federal wage increase, which is retro-active to April 1, nor does the cash deficit yet reflect the financing which is to be generated by the special measures in the stabilization program. With the way the fiscal sector is now developing and the deficit of the autonomous institutions clearly out of hand, plus pressures on the Bank of Brazil to expand credit to the private sector, it will not be surprising if a substantial increase in currency issue occurs by the end of the year.

* Includes Cr\$6 billion advance to BNDE to enable BNDE to deposit grant funds under Second P.L.480 Agreement to U.S. accounts in the Bank of Brazil. This part of deficit of autarquias will not have any inflationary effect until actually expended on projects.

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BALANCE OF PAYMENTS OUTLOOK IMPROVED WITH INSTITUTION OF NEW EXCHANGE POLICY

SUMOC in February projected a balance of payments deficit of Cr\$150 million in 1962 (for details see EMEDESP 678, February 27, 1962). This was before giving effect to compensatory financing receipts estimated at \$410 million, which would come primarily from further drawings and refinancing provided for in the May, 1961 financial package. It was estimated that the compensatory financing would enable Brazil to improve its short-term position by about \$260 million in 1962. With the \$75 million which U. S. Agencies have already agreed to release, \$40 million in January at the time of the visit of the IMF Mission and \$35 million in April, and the \$105 million of U. S. and European debt postponements effective in 1962, Brazil will have available \$180 million in compensatory financing, or more than enough to cover the estimated deficit of \$150 million. In addition, there was included in the SUMOC estimate the retirement of the \$157 million in "swaps" which fall due this year. If these "swaps" are renewed and/or their place is taken by new "swaps", which has been actually occurring to such an extent that total "swaps" have been increasing, Brazil has this much additional flexibility in her international accounts before running into serious difficulties.

Moreover, the improvement in Brazil's current account last year, which strengthened by about \$250 million, indicates that Brazil's balance of payments has considerable flexibility to respond to the stimulus of a realistic exchange rate. Until the new exchange policy was put into effect on May 21, Brazil's policy in this area in 1962 had not been encouraging. An unrealistic rate of Cr\$310 buying and Cr\$318 selling per dollar was established early in January and had been maintained unchanged despite indications for weeks that a change was imminent. The effect of this unrealistic policy had been that exports were discouraged, exporters surrendered as little exchange as possible, there was pressure for greater imports, and only a very limited amount of exchange was available on a legal basis for financial transactions. While established importers were generally able to obtain exchange at Cr\$318, it also gave rise to illegal hidden practices that in effect meant that rates being charged were substantially higher on a fairly widespread basis. In putting new exchange policy into effect Brazil has taken one of the most imperative long-overdue stabilization measures. If Brazil is able to carry out its commitment to permit the exchange rate to reflect the rise in internal prices, the possibility of avoiding balance of payments difficulties will be greatly enhanced, both from the encouragement that this rate policy will give to exports and the discouragement to imports, and also from the fact that a realistic exchange policy is a major requirement for Brazil to obtain additional external financial resources.

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In no case, however, can Brazil's balance of payments situation be considered satisfactory, as Brazil is probably operating on as precarious a basis in this sector as any other major country. Despite the Bank of Brazil's apparent policy of trying to keep down and delay demands on its foreign exchange resources, the Bank's sales of exchange contracts in convertible currencies exceeded purchases of exchange contracts by \$92 million during the first four months of 1962. Net gold and convertible exchange reserves (unpledged gold plus dollar and other convertible deposits, less New York credit lines in use) amounted to \$117.4 million on April 30, having increased by \$43.6 million since the end of the year. However, this increase was less than the \$65.5 million actually released by U. S. Agencies during this period and tended to be encumbered by the growing net commitments for sales of foreign exchange, implicit in the figures on contract transactions.

In addition, one point on which SUMOC's estimate for 1962 is probably too optimistic was in assuming a net contribution to the balance of payments of the private sector of \$171 million compared with \$115 million in 1961. For reasons discussed more fully later it seems more likely that the net contribution of the private sector will fall below last year's rather than be above it. Most American companies are believed to have been holding up new investments and expansion of old investments since passage of the so-called Profits Remittance Bill last November, and will probably now continue to do so because of the growing concern over the political situation, as well as to see what kind of Congress is elected in October.

BASIC ECONOMIC FACTORS MIXED BUT ON WHOLE OUTLOOK NOW PROBABLY NOT AS FAVORABLE AS YEAR 1961

While few basic figures are available on the Brazilian economy for the 1962 period thus far, it seems likely that 1962 will not be a year of as rapid an increase in growth as was true in 1961.

As mentioned in an earlier section, Brazil has experienced a rapid rate of growth during the last fifteen years despite the high rate of inflation. And 1961 was a little better than 1960. The August, 1961 political crisis and the passage of the Profits Remittance Bill were significant adverse developments in the Brazilian economy in 1961, but their effects will largely be reflected in 1962 and subsequent years through their influence on investment. The year 1961 was a particularly favorable one for the agricultural sector, which showed a growth of 10.2 per cent, while that for the industrial sector was 8.6 per cent. The very favorable growth in agriculture was in large part due to an increase of 37 per cent in coffee production but it was also due to both to the depreciation of the cruzeiro and the policy

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followed with respect to minimum prices and the supplying of credit to small farmers. Cotton exports, for example, rose 13.9 per cent in 1961, with total imports increasing 8 per cent.

During the present coffee year, July 1, 1961--June 30, 1962, the volume of coffee exports has been developing very favorably, although prices are not quite as good as they were last year. Exports for the period July, 1961--April, 1962 have totaled 15.1 million bags, compared with 14 million bags in the preceding year. It appears that coffee exports during the present coffee year will be the highest in the last six years.

Figures on exports are only available through February this year, but the dollar volume for the first two months was \$134.3 million compared with \$168.5 million last year, or up about 10 per cent. During the period of the fixed exchange rate, January 5--May 20, the exchange rate policy became increasingly discouraging to exports. With the depreciation of the cruzeiro on May 21 and the indications that the exchange rate policy is to permit the rate to reflect the rise in internal prices, a much more favorable atmosphere has been established for exports during the remainder of the year.

Thus far in 1962, business has continued to be good. Industrial consumption of electric power through March was up slightly from the preceding year, possibly by 2 or 3 per cent. Motor vehicle production in the first four months of the year was running about 10 per cent ahead of last year, although the average value per unit of output was declining as a result of production of an increasing proportion of passenger cars compared with heavy trucks.

Whether business sales generally will continue to develop favorably during the rest of the year is going to depend to a significant extent on the manner in which the Government implements the stabilization program. Implying as it does the shifting of most of the tightening of money and credit to the private sector, a really tight enforcement of the program, though desirable from the standpoint of arresting the inflation, probably would not bode well for business sales. The motor vehicle industry, and others like it which are dependent to a substantial extent on credit, would be the first areas to be affected. There is no indication yet that this is occurring, although there was a slight decline in industrial consumption of electric power in the State of São Paulo in March compared with February.

Factors that also contribute to the business uncertainty are several developments of a political character which have upset investor confidence. The August, 1961 political crisis and the passage of the so-called Profits Remittance Bill in November, 1961

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have already been mentioned. The latter, introduced and passed in one day, without hearings and by a vote of two to one in the Chamber of Deputies, was a harsh and shocking blow at foreign private investment. The effect of the preceding developments, especially abroad, was compounded by the nationalization of the American-owned telephone company in the State of Rio Grande do Sul by Governor Brizola and by threats of nationalization of other foreign-owned public utilities by other Brazilian Governors. While there has been some improvement in confidence as a result of the manner in which the Federal Government is handling both of these problems, definitive favorable action has not yet been taken in either area. The Federal Government has developed a new policy under which it proposes to take over all foreign-owned public utilities on a basis that should be satisfactory to the owners. The necessary decree to carry out this policy has already been issued. While work on developing a reasonable foreign investment statute as a substitute for or an amendment to the Chamber passed Profits Remittance Bill has progressed favorably, it is becoming less and less likely that the present Congress will pass any ~~amendment~~ bill before the October elections.

On top of these specific developments there has been a deterioration in the political situation during the last few weeks. It had been known for some time that most of the Cabinet Ministers would probably resign by July 7 to run for office in the October elections, but the effect of this prospective development has been growing rapidly as the date has drawn nearer. Since practically all of the present Ministers will be out of office by early July if not sooner, these running for office have their eyes on the election and are not willing to come to grips with the difficult problems under their responsibility. In addition, President Goulart's political moves since returning from his trip to the United States have contributed to the political confusion and uncertainty, and to the lack of political responsibility that now prevails. Feeling that he was losing his popular support, he has directed his efforts in recent speeches to rebuilding his popularity among the masses. He has called for basic agrarian, tax and other reforms, has blamed the present Congress for failure to pass the necessary legislation for these reforms, and has called for the giving to the new Congress constituent powers in order that it may make such reforms. The charges and countercharges and political demagoguery now going on between the President and the Congress make it questionable whether the two will be able to work any further on constructive legislation.

There seems no doubt that the shaking of investor confidence by the developments mentioned, starting in August, 1961, has led to the general postponement of expansion of existing plants and the undertaking of new projects on the part of foreign private investors. While the favorable results achieved in 1961 were a

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result of plans and programs developed long before, so that the unfavorable developments in that year did not have time for their effects to be felt during the year, the year 1962 will no doubt begin to reflect the effects in the slowing down in new foreign private investment. The fact that foreign private capital has tended to account for an increasing share of gross private capital formation in Brazil since 1952 means that a significant decrease in foreign private investment this year, which it appears will likely occur, could have a serious effect on Brazil's up-to-now favorable rate of growth. A decline in foreign private investment could be offset by increased domestic investment, but the tendency in recent years has been for the opposite to occur, i.e., for domestic investment to decline and foreign investment to increase.

SINO-SOVIET BLOC POLITICO-ECONOMIC PENETRATION CONTINUING

Although the Sino-Soviet Bloc is not being courted with the same enthusiasm and dedication which ex-President Janio Quadros devoted to it during his administration, Sino-Soviet Bloc penetration into Brazilian political and economic affairs has been and is still continuing under the Goulart-Neves administration. The present administration is more clearly dedicated to being counted as a part of the free world. At the same time, under the leadership of Foreign Minister San Tiago Dantas, Brazil has maintained its determination to pursue an independent foreign policy. This was most clearly reflected in the stand which Brazil took at the Punta del Este Conference on Cuba. It is also reflected in the fact that the present Brazilian Government has continued to carry out the policies set in motion during the Quadros administration with respect to relations with the Sino-Soviet Bloc, including such things as the re-establishment of diplomatic relations with the Soviet Union in November, 1961. Officially, Brazil has shown itself willing to deal with and to trade with any and all of the countries of the Sino-Soviet Bloc whenever the Government decided this was in the interest of Brazil. This has involved an expansion in cultural relations with the Bloc, increasing offers of technical and economic development assistance to Brazil from the Bloc, though this thus far has been mostly talk and little action, and continuing efforts to expand trade with the Sino-Soviet Bloc.

Trade agreements have been signed or renewed with most Sino-Soviet countries by the present Brazilian Government. Trade with the Bloc countries, while fairly substantial in dollar volume, is still only about 5 per cent of Brazil's total imports and exports. At \$145 million in 1961 Brazil's two-way trade with the Bloc was slightly below the 1960 level, but far below the \$400 million level which the earlier promoters of the trade set as the

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objective. Brazilian industry and commerce are not enthusiastic about Soviet products. This was even reflected in a statement by the head of the Soviet Trade Mission to Brazil who said in April that Brazil-USSR trade could be considerably reduced or become stagnant because of Brazil's reluctance to acquire Soviet products, especially machinery. It is believed that there is considerable disillusionment about the potentialities of Brazilian-Bloc trade, both in Brazil and on the Bloc side, although there are still those in Brazil who believe such trade can be advantageously expanded, especially by trading surplus coffee that is such a burden on the Brazilian economy.

While there is some doubt that there will be any expansion in over-all Brazil-Bloc trade, there is the risk that trade with Cuba, for example, may increase under the Brazil-Cuba Trade Agreement signed on August 25, 1961, especially in key machinery and parts needed to maintain the Cuban economy which are not available elsewhere. Thus far such trade has not developed, although there have been threats that it might with respect to certain items.

While trade probably will not increase and may even decline, it is believed that there will be increasing Sino-Soviet Bloc relationships in the cultural, technical assistance and economic development fields under the present Brazilian Government.

IMPLICATION OF CURRENT POLITICO-ECONOMIC SITUATION FOR U.S. POLICY

An economically strong Brazil based primarily upon private enterprise, growing at a satisfactory rate, politically democratic and clearly a part of the Free World, is obviously the goal to be sought in the interest of the United States. It is also the goal which any Brazilian Government should be seeking in the best interests of the Brazilian people and the Brazilian nation.

What the current confused political situation means, with the weak and disorganized government, and with the serious short-run economic problems of inflation and shortages of basic foods, and long-run problems of economic development and stabilization, is that the political and economic leadership on the Brazilian side, which is so essential if we are going to be able to cooperate most effectively in helping Brazil come to grips with the country's basic problems, is largely lacking. Moreover, the present weak Brazilian Government is apt to respond to an undue degree to

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emotional nationalism and statism as the simplest and politically most acceptable approach to economic problems, thereby expanding the role of an already deficit-ridden Government and increasing the obstacles to economic development.

For us it signifies that pursuing our goals during the period until the general framework in which we must exert our efforts improves, is more difficult, requires greater skill and more careful judgment. Self help in the circumstances is certain to fall short of what is to be desired both because of this reason and also because of Brazil's political problems and general lack of leadership and organization. But despite all the problems and difficulties, our interests require that we work with whatever tools are available, with whatever leadership can be found, to the maximum possible extent, to achieve our goals.

The principal means at our disposal for use in striving for our politico-economic objectives in Brazil are: (1) balance of payments assistance to enable Brazil to stabilize its economy and obtain imports needed for accelerated economic development; (2) support internationally of measures which will assist Brazil in meeting its major economic problems such as in the negotiation of an international coffee agreement, the assistance in improving the position of tropical products in the international market, etc., and (3) aid under the Alliance for Progress.

In the balance of payments area, external support can only be effective in conjunction with complementary internal measures which the local Government is carrying out. The May, 1961 financial program collapsed as a result of the Brazilian political crisis in August, 1961, and the measures which the new Brazilian Government took to deal with urgent economic problems which it faced. Under the present Government and in the present circumstances, the consistent and vigorous pursuit of an over-all program does not appear to be a reasonable possibility until or unless a strong Cabinet is installed, either before or after the October 7 elections. The IMF, for example, has declined to negotiate a new standby arrangement until tax reform legislation is enacted and other measures are taken. This does not mean that Brazil may not be able to take some needed stabilization measures. A number of such measures have already been taken and more may come and we should continue to press for as strict adherence to this stabilization as possible, although the chances now are that the stabilization program will be less rather than more vigorous during the rest of the year. In these circumstances it seems sound to extend further U. S. balance of payments support cautiously and on the basis of performance as it was indicated in the Washington financial discussions would be done after the

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release of the first \$35 million, and to endeavor to get European sources to follow the same policy. Additional releases under the remaining \$94 million credit may also be necessary to avert a balance of payments crisis, especially since Brazil's foreign exchange situation is still precarious. Such a crisis is not foreseen at this time, and will be unlikely to occur if the new exchange policy is in fact flexible and responsive to market forces, as the balance of payments still has considerable flexibility.

In the international area everything possible should be done to assist Brazil in reaching favorable solutions to her principal economic problems. The measures involved revolve around assisting Brazil in creating the possibility of an expanding market for her principal agricultural exports and with stabilizing the market and prices for such products. Whether Brazil has a Government able to take necessary internal measures or not, achievement of these objectives should help to resolve Brazil's balance of payments problem, provide needed foreign exchange to accelerate her economic development and reduce the pressure on the United States, other countries, and international financial institutions for funds for economic development purposes.

With respect to aid to be extended under the Alliance for Progress in the short run, Brazil's lack of central, coordinated planning has posed and will continue to pose problems for some time. While an effort of a sort was made in presenting USAID with a group of poorly developed emergency projects in February, only in May were the first moves made to give real life and meaning to long term planning. One of these moves involved financial assistance from USAID, the OAS, and IDB to the long-term National Planning Commission (COPLAN) decreed by the Quadros Administration to enable it to build a staff, contract for studies, etc. The other move was the establishment by a new decree of the Coordinating Commission for the Alliance for Progress (COCAP) to review the national planning and establish priorities. These new developments give promise of better and more coordinated over-all planning for economic development but in the best of circumstances considerable time and effort will be required before the results of the new planning effort can become evident. Meanwhile, while supporting the development of the National Planning Organization, the emphasis on

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U.S. support under the Alliance for Progress will probably continue to have to be placed on finding good projects to support wherever they may be which in themselves will make a real contribution to Brazil's economic development and the solution of Brazil's basic economic and social problems.

For the Ambassador:



Robert Eakens
Counselor for Economic Affairs

Contributors:

JKrizay and RVKorp

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AIR POUCH CONFIDENTIAL
 HANDLING INDICATOR FOREIGN SERVICE DESPATCH

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FROM : Amcongen São Paulo
 TO : THE DEPARTMENT OF STATE, WASHINGTON.
 REF : Weekly Summary No. 17 (Despatch 250) April 27, 1962

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June 6, 1962

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SUBJECT: Democratic Union Movement Suspends Try for Rapprochement with Goulart

As reported in Item 5 of the referenced despatch, the Democratic Union Movement (Movimento Sindical Democrático -- MSD) opened the door toward a possible rapprochement with President Goulart shortly after the latter's return from the U. S. in mid-April. The reasoning behind the MSD's move was that Communist attacks on Goulart for his U. S. visit might lead him to look elsewhere for the labor support he obviously craves. Should this occur, the reasoning goes, Goulart might substitute a working alliance with the MSD for his long-standing alliance with Communist labor leaders.

MSD leaders report that their interest in arriving at an understanding with Goulart was apparently matched by a similar interest on his part. During the latter part of April contacts between Goulart and the MSD took place through intermediaries such as Herbert LEVY, President of the National Democratic Union Party (União Democrática Nacional -- UDN), reportedly close to Goulart and one of the sponsors of the MSD founding convention in July 1961. Prominent MSD leaders gave a series of interviews to *Correio Paulistano*, a São Paulo newspaper controlled by Goulart interests, in which they lavishly praised the President. These leaders were privately skeptical about the chances of an actual break between Goulart and his Communist labor allies, but thought the attempt worthwhile.

However, MSD President Antonio Pereira MAGALDI informed the Labor Officer on May 29 that his organization had suspended, at least for the time being, attempts to reach an understanding with Goulart. Magaldi gave as his reasons for this suspension Goulart's approval (if not initiation) of nominations of

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Communist labor leaders to important posts and international missions. These nominations include the following:

(1) Benedito CERQUEIRA, fellow-travelling President of the Rio Local Union of Metal Workers, First Secretary of the National Confederation of Industrial Workers (CNTI), and member of the General Council of the Communist-front WFTU, and Francisco Plácido das CHAGAS, First Treasurer of the CNTI, reportedly named to accompany CNTI President Clodsmith RIANI, an opportunist and frequent collaborator with the Communists, on a forthcoming visit to the U. S. (This visit is apparently the result of a supposed AFL-CIO invitation to Riani, who accompanied Goulart to the U. S. in April, to remain there after Goulart's departure. Riani reportedly replied that he was unable to remain behind at that time but would be happy to return in the future.) The MSD considers Cerqueira and Chagas to be Communists and Riani to be pro-Communist.

(2) Riani as Labor Delegate; Cerqueira and José FERREIRA, Treasurer of the Rio Local Union of Bank Workers and representing the Communist-dominated National Confederation of Workers in Credit Institutions (CONTEC), as labor advisers; and Raul RYFF, Communist Press Secretary to President Goulart, to be a government adviser to the Brazilian Delegation to the 1962 ILO Conference in Geneva (See Amembassy Rio Despatch 932 of May 22, 1962).

(3) Reported nomination of Riani; Cerqueira; Luiz Tenório de LIMA, President of the São Paulo State Federation of Food Workers and leading Paulista Communist labor leader; and Bruno SEGALLA, Communist metal worker leader from Rio Grande do Sul, as CNTI delegates to the ICFTU Berlin Congress in July 1962.

(4) Tenório de Lima named worker representative on a São Paulo Local Board of Conciliation and Judgment (lowest level labor court).

MSD leaders give the impression that they still would be interested in a working relationship with Goulart, improbable as it may seem. However, they insist that as a prerequisite to any such relationship the President must give clear evidence of his desire to break with Communist labor allies. Magaldi is aware of the great danger to the MSD (and to Brazilian democratic institutions) in any presidential attempt to weld Communist and anti-Communist labor groups together into a national labor center which would be nominally controlled by Goulart for political purposes but in fact would be Communist-dominated. On the basis of currently available evidence, the Labor Officer considers such an attempt by Goulart to be highly likely.

For the Minister Consul General:

Scott C. Lyon
Consul

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INCOMING TELEGRAM

Department of State

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Action

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Rec'd: June 7, 1962
7:24 p.m.

Info

FROM: Rio de Janeiro

SS

TO: Secretary of State

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NO: 2878, June 7, 6 p.m. (SECTION ONE OF THREE)

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EMBTEL 2818

1. Political honeymoon reported my telegram Brasilia 11 of two months ago is over and this may be useful point attempt reassessment despite confusion of Cabinet change. Three principal factors: (A) political campaign on in earnest making for political instability; (B) imminent Cabinet change raising questions institutional stability; and (C) continued inflation, food shortages and sporadic violence in north and northeast making for social unrest.

2. Factor (A) has led President (first in mild May 1 and subsequently in demagogic May 14 Santos speech) seek hold popular base by recreating version of old image of soak-the-rich Jango, heir to Vargas mantle with favors to popular masses and especially labor. (He reportedly admitted to Carvalho Pinto that he had probably gone too far in latter speech but did not intend let Quadros become "owner" of worker dissatisfaction.) Doubtless also hoping ease pressure from Left including recent Communist attacks. Predictably, Right and Center thought they saw once again Goulart's true pink coloration, although in fact his May 1 prepared speech followed line State of Union message which was universally praised.

(B) Imminent Cabinet change resulting from ineligibility after July 7 of Ministers seeking election October 7 has caused serious slowdown government administration. For this reason Cabinet has lost most it's authority, and most Ministers primarily occupied electoral considerations. Buck-passing

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Embassy RIO DE JANEIRO

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DESP. NO.

JUN 30 1962
DATE

THE DEPARTMENT OF STATE, WASHINGTON

June 8, 1962
DATE

Embtel 2772, Embdespatch 956 (Joint Weeka 21), May 29, 1960

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SUBJECT: Anti-American Speech by Governor Brizzola of Rio Grande do Sul, May 22, 1962, at Rio de Janeiro

The Embassy has reported in the telegram and despatch under reference the delivery by Governor Leonel Brizzola of an inflammatory anti-US speech in Rio de Janeiro, May 22 before a university student audience and over a nationwide radio network. The Portuguese text (transcribed from a tape recording) and an English translation of this speech are enclosed. Also enclosed, in the original Portuguese, are the statements and speeches made on the same occasion, preliminary to Brizzola's address, by the program conductor and by Professor Linsu de Albuquerque Saio, Director of the National Law School; Jose Carlos Brandao Monteiro, President of the Centro Academico Candido de Oliveira (the organization which sponsored the meeting); and Boris Nicolayevski, another representative of the Centro Academico Candido de Oliveira. An English translation of these statements and speeches, some of which rivaled and in some instances surpassed the speech of Governor Brizzola in venom and revolutionary fervor, will be submitted separately.

To comment in detail on the various enclosures would delay transmittal of the present communication beyond the deadline for use of the despatch form. Accordingly, in order to avoid retyping the lengthy enclosures on airgram forms, comment will be submitted separately at a later date.

(Governor Brizzola's speech was translated by Third Secretary Frank Nicolotta.)

For the Ambassador:

Robert H. Shields
Robert H. Shields
First Secretary of Embassy

BRANCH
INTELLIGENCE & DOCUMENTATION
BR 173

JUN 29 3 17 0 51

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
JUL 10 1962

Emil Ott
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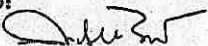
Despatch No. 994
Page 2
Rio de Janeiro

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Enclosures:

1. Portuguese text of speech given by Governor Leonel Brizzola, May 22, 1962, at Centro Academico Candido de Oliveira, National Law School, University of Brazil, Rio de Janeiro.
2. Translation of speech delivered by Governor Leonel Brizzola, May 22, 1962, at Centro Academico Candido de Oliveira, National Law School, Rio de Janeiro.
3. Portuguese text of speeches preliminary to address by Governor Brizzola, May 22, 1962, at National Law School, Rio de Janeiro.

APPROVED:


Miles W. Bond
Deputy Chief of Mission

DISTRIBUTION: All Consulates in Brazil, Service Attaches, USIS, Econ (2), Pol Brasilia (5), Pol Rio (5), Pol II, Labor, CF (3).

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Enclosure Nº 1
Despatch Nº 994
Page Nº 1
From Rio de Janeiro

Portuguese Text of speech given by Governor Leonel Britzola, May 22, 1962, at "Centro Acadêmico Cândido de Oliveira", of Law School, University of Brazil, Rio de Janeiro.

Digníssimo Prof. Linsu de Albuquerque Melo, jovem presidente do Centro Acadêmico Cândido de Oliveira, digníssimas autoridades presentes, patriotas de todo o Brasil que acompanham as nossas palavras pelos seus rádios, ou através de seus aparelhos de televisão, meus jovens patriotas da Faculdade Nacional de Direito, senhoras e senhores:

Desejaria estar aqui convosco tranquilamente, desejaria que este nosso encontro fôsse adiado pela serena meditação sobre a escolha do caminho mais certo que deveríamos seguir para atingirmos o melhor - um encontro tranquilo - eis o que não nos é permitido. Estamos vivendo uma época crucial, precisamos raciocinar com clareza e rapidez, porque inclusive o tempo corre contra os mais sagrados interesses do nosso país. Hoje, o povo brasileiro debate-se num quadro de exasperadas angústias e perigos iminentes. Amanhã poderemos estar diante do irremediável, o nosso tempo é de ação. O povo brasileiro de norte a sul, deste imenso e atormentado país, nas cidades e nos campos, nas fábricas e nas universidades, nos lares e nos locais de trabalho, está exigindo decisões imediatas e corajosas. Estamos reunidos aqui, meus jovens patriotas, nesta noite, precisamos porque somos sensíveis aos clamores dos nossos irmãos, e também por força imperativa de nossa consciência de patriotas autênticos - consciência que repudia as atitudes displicentes os gestos de contemporização, as protelações, as discussões acadêmicas, tudo enfim que possa contribuir para manter o país na inércia e no imobilismo, quando o nosso dever é despertá-lo para que adquira consciência de seus males, para o inconformismo construtivo, para o reencontro de seus destinos:

O claro, o inequívoco, o exato sentido desta assembléia, deste encontro que realizam as nossas gerações, é o de uma convocação. Aqui estou, não para discutir, mas para proceder a um chamamento. Não sei mesmo de outra tarefa que mais profundamente nos possa tocar, a todos nós, neste momento, que não seja a da nossa auto-convocação para a luta contra o empobrecimento crescente do povo brasileiro e pela preservação e defesa da nossa soberania nacional. Porque somos profundamente brasileiros não podemos assistir indiferentes como espectadores, apenas atentos aos nossos interesses individuais o drama que se desenvolve diante de nossos olhos, o martírio dos nossos irmãos, dos nossos filhos e das nossas famílias. Tão pouco são suficientes, neste momento, os protestos verbais, as platônicas explosões de revolta sentimental. Precisamos, agora de ação - ou mudaremos as atuais condições da vida brasileira a curto prazo, ou trairemos os nossos deveres de solidariedade ao nosso povo, e de fidelidade à nossa Pátria.

Estou certo que, a partir de amanhã, irás ouvir recetidas acusações de que aqui estive fazendo afirmações passionais e subversivas. Será, porém impulso passional ou atitude subversiva, - eu vos pergunto - proclamar que o povo brasileiro vem sendo submetido a um crescente processo de desvitalização? Será falso afirmar que a nossa soberania nacional vem sendo insidiosamente eslapada? Muitos dirão que vim até entre vós para fazer agitação ou demagogia. Outros, ainda, preferindo não arguir contra mim os ataques reconhecidos no arsenal da reação, me responderão com a sua indiferença e o seu silêncio. Não apenas porque tenham medo de pensar, mas sobretudo, porque os seus interesses pessoais

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não lhes permitem que pensem como brasileiros. Justamente, justamente a estes que de-
sejo endereçar certas e determinadas perguntas. Como explicar, como podem explicar, o
que vem ocorrendo com o nosso país? Porquê outras nações menores que a nossa, menos po-
pulosas, economicamente mais fráguas e potencialmente menos ricas não estão sofrendo dos
mesmos males terríveis que estão atingindo o nosso povo e nos estão conduzindo para o
desconhecido? Porquê, terminada a ditima guerra, a inflação se abateu sobre o nosso
país com tal intensidade e progressão que nenhum governo consegue detê-la? Porque o nos-
so povo vem sendo triturado pela carestia e pela elevação constante do custo de vida?
Porquê cada dia nós, o povo brasileiro, pagamos um tributo mais alto ao simples direito
de viver? Porquê estão aumentando em extensão e gravidade as áreas marginalizadas do
nosso país? Porquê o Nordeste atingiu ao estágio de região de fome generalizada?

E que nos respondam mais ainda... Porquê se proletarizam as classes médias? Porquê
contingentes cada vez maiores das nossas populações rurais e urbanas vem sendo condena-
das a inevitável empobrecimento? Porquê a contínua e crescente transferência dos frutos
do trabalho das grandes massas populacionais que vivem de salário e dos que vivem do
trabalho dos campos e nas lavouras, para as mãos privilegiadas de classes e grupos eco-
nômicos dominantes? Por que a transferência da poupança nacional para o exterior, nu-
ma alarmante evasão de nossas riquezas? Porquê cada dia os nossos governos administram
e decidem menos sobre os destinos do país, concentrando os seus esforços apenas no ob-
jetivo de conjurar e diminuir os déficits públicos que agora atingem globalmente um mon-
tante superior a 100% de todas as receitas da União, estados e municípios somados? Por-
que a cada dia, na medida que aumentam a voracidade e o egoísmo das classes e grupos do-
minantes, aumenta também a sua indiferença pelos problemas fundamentais do país e pelo
desespero das classes populares? Porquê no Brasil de hoje aumentam dramaticamente os
contingentes populacionais sem meios de subsistência? As legiões dos analfabetos e sub-
empregados, entre o número de famílias desabrigoadas, condenadas ao mais irremediável
marginalismo social? Porquê aumentam aos milhões as famílias desse país-continente, que
não dispõem de um pedaço de terra própria para morar ou produzir, enquanto o latifúndio
permanece intocável? Porquê aumenta em proporções inquietantes o número de crianças bra-
sileiras sem escola e vítimas da subnutrição? Porquê em nosso país, em algumas das suas
áreas, chega a ser de 400 por 1.000 a taxa de mortalidade entre as nossas crianças?

Porquê cada dia é maior o número dos representantes das nossas elites intelectuais
que se colocam a serviço do mundo dos negócios, pouco importando se sejam ou não esses
negócios lesivos aos interesses nacionais? Porquê, a partir da ditima guerra, o nosso
intercâmbio com o mundo exterior vem se realizando com desvantagens cada vez maiores pa-
ra o nosso país? Porquê os valores do nosso trabalho e da nossa economia se vêm pro-
gressivamente enfraquecendo, frente às economias dos países desenvolvidos? Porquê até
hoje não conseguimos sequer alcançar índices mínimos de progresso que correspondem aos
simples índices de nosso crescimento populacional? Porquê cada dia necessitamos fazer
mais dívidas e solicitar mais empréstimos ao exterior, apenas para compensar desequilí-
brios e perdas provocados pelos negócios e operações que se realizam na área interna-
cional em nome dos interesses do nosso país? Porquê vem aumentando sistematicamente a
penetração e o domínio das corporações estrangeiras sobre amplos e fundamentais setores
da vida nacional? Porquê os produtos que exportamos representam em valor cada vez me-
nos, apesar das exportações serem cada vez em maior volume? Porquê nestes últimos dias

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cai por dia em média uma empresa nacional sob o controle das corporações estrangeiras, tornando-se simples subsidiárias de organizações internacionais, de "holdings", de "trusts" e monopólios? Porquê praticamente o nosso comércio de importação e exportação vêm progressivamente caindo em poder das corporações estrangeiras, a ponto de tudo que compramos, de tudo que vendemos no exterior terem condições e preços fixados pelas matrizes de tais corporações na Bélas de Nova York? Porquê se intensificam em nosso país a presença e as atividades dos gerentes, dos "experts" e homens de negócios estrangeiros na sua quase totalidade norte-americanos - estrangeiros que permanecem eventualmente entre nós, não fazendo como fizeram nossos pais, que para aqui vieram com as suas famílias e deitaram raízes em nosso solo e se integraram na vida nacional?

E me respondam ainda: É ou não é verdade que ao se substituir uma empresa brasileira por uma subsidiária estrangeira fica neste momento substituída também a primazia do interesse nacional pelos interesses da matriz, do "holding" ao qual pertence a subsidiária? É ou não é verdade que em nosso país as subsidiárias estrangeiras vêm proliferando como cogumelo, ocupando de forma monopolista setores fundamentais da vida nacional, como é o caso da indústria farmacêutica, para falar de uma atividade industrial tão diretamente vinculada à saúde e à vida do nosso povo? É ou não é verdade que ao cípulo de negócios e operações das subsidiárias e dos interesses estrangeiros estão intimamente associados amplos setores das classes dominantes do país? É ou não é verdade que esse complexo de interesses atua diretamente sobre a nossa vida interna, através das agências de informações jornalísticas e das agências de publicidade, exercendo pressões que muitas vezes se confundem com a corrupção e o suborno, tudo no propósito de amoldar a opinião pública do Brasil ao jogo escuso dos seus interesses? É ou não é verdade, que amplos setores das classes e grupos dominantes de nossas atividades econômicas e das chamadas elites do poder político brasileiro são associados direta ou indiretamente desses dispositivos de interesses anti-sociais e anti-nacionais? É ou não é verdade que a partir da última guerra fizemos um sem-número de acordos, tratados e convênios com os Estados Unidos, inclusive convênios e acordos os mais lesivos ao interesse nacional? É verdade, é verdade ou não - que nos respondam se puderem - que vivemos sob o bombardeio de notícias adrede preparadas para condicionarem a opinião pública brasileira e entorpecerem a nossa consciência? É ou não é verdade que grandes recursos financeiros estão sendo manipulados diretamente pelas autoridades diplomáticas norte-americanas no Brasil, com vultosos depósitos à sua disposição para atividades de propoganda e outras iniciativas atentatórias aos brios e à soberania de nossos país? É ou não é verdade que o nosso país passou a ser a rota preferida, o sítio predileto das atividades de número crescente de militares norte-americanos, e dos agentes do Pentágono, do serviço secreto e do Departamento de Estado, especializados em maquinações e atividades político-sociais? Que nos respondam, que nos respondam se puderem!

Mas o que é isso, meus jovens patricios, afinal... brasileiros de todas as gerações... éramos assim antes da segunda guerra mundial? Sim, éramos pobres, mas não nos encontramos em situação tão vexatória e ultrajante! Que fenômenos são esses do mundo melhor, pelo qual derramamos o nosso sangue no último conflito mundial? Porquê descemos a níveis tão extremos que hoje somos obrigados a aceitar roupas usadas, roupas velhas? A aceitar e a pedir também dos Estados Unidos leite me pó, milho, feijão e tudo o mais?

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Para amenizar a fome dos nosso irmãos, quando vivemos num país que poderia ser um dos mais ricos celeiros do mundo? Em vos pergunto, meus jovens patrícios, o que foi feito do nosso orgulho nacional, que diriam de nós, meus patrícios, se pudessem contemplar este quadro os nossos antepassados que nos transmitiram a herança, o legado de um grande país independente, de possibilidades ilimitadas? Que diriam de nós aqueles nortistas e nordestinos que lutaram contra o invasor holandês? Que diriam de nós os cariocas e fluminenses que repeliram os corsários franceses? Que diriam de nós os velhos gaúchos que resistiram às invasões espanholas, os bandeirantes que alargaram as fronteiras da nossa pátria, os pioneiros que semearam o território nacional de incontáveis iniciativas e realizações? Que diria de nós Tiradentes, o mártir da Inconfidência Mineira? Que diriam de nós os fundadores da independência que forjaram uma nação auto-germinada? Enfim, que diriam de nós todos os que com heroísmo, generosidade, idealismo e abnegação fizeram com que o nosso território se transformasse numa querência de bem-estar e de paz, onde todos os brasileiros pudessem viver livres do medo da miséria, do terror da fome e do domínio de potências estrangeiras?

A verdade, meus jovens patrícios, a verdade, meus patrícios de todo o Brasil, é que toda essa magnífica herança de nativismo, de entranhado amor à terra que é o nosso berço e que há de ser o nosso túmulo, vem sendo desfigurada e, mais que isso, vem sendo traída e, mais que isso, está sendo posta sob fatal ameaça! Estamos, porém, de consciência despertada e ninguém mais conseguirá mistificar-nos e impedir o nosso inconformismo! Que não nos venham, que não nos venham mais com o jogo ardiloso das interpretações e teorias, que a pretexto de explicar os nossos males tem apenas o objetivo de nos confundir e de domesticar o povo brasileiro. Dezenas, centenas de teorias engenhosas foram brandidas pelos teóricos comprometidos! Com eles não nos devemos impressionar mais porque a traição e os traidores são sempre férteis em matéria de imaginação e sabem encontrar mil disfarces com que revestir seus atos e felonias. Mas o que é isso. Mas o que é isso, tudo isso, meus jovens patrícios, que vem ocorrendo com o nosso país? Eles, estes que irão nos acusar a partir de amanhã, eles não podem responder - Suas consciências estão por demais comprometidas, mas nós, meus jovens patrícios, nós o faremos com toda a força dos nossos pulmões.

E é pelo amor à nossa pátria, pela dedicação que devemos ao nosso povo, que fazemos aqui, com toda a força das nossas convicções, com toda a consciência de nossa responsabilidade, essa afirmação, afirmação que é ao mesmo tempo um grito de dor e de rebeldia, o que vem ocorrendo com a nossa pátria, com o nosso país - dourem essa pílula como quiserem - não é outra coisa, meus patrícios, senão os indícios inelutáveis de que estamos submetidos, lentamente mas de modo inexorável, a um processo de ocupação da nossa pátria pelos Estados Unidos da América do Norte! Ocupação lenta e insidiosa, ardilosamente disfarçada, dissimulada mas nem por isso menos ocupação. Que são os nossos sofrimentos? A diluição dos valores do nosso trabalho? A ascensão impiedosa do custo de vida? A queda vertical do valor da nossa moeda? A perda contínua do poder de compra dos salários? Senão o tributo, senão o imposto, senão o dízimo que estamos pagando a esta nova versão contemporânea do Império Romano? Os Quislings, os Quislings, os agentes da quinta coluna econômica podem pretender dissimular essa cruel e intolerável verdade - mas não conseguirão atingir jamais seus desígnios, porque aí estão, meus irmãos de todo o Brasil,

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agredindo-nos com sua revoltante e odiosa evidência, as sequelas, as manchas, e os sinais, as cicatrizes na face e no organismo do nosso país.

Não faltarão as vozes, que afinadas pelo diapasão de um bom senso muito do agrado dos que dominam, dirão que estamos proclamando um absurdo e revelando algo de inaceitável. Inaceitável, sim, mas absurdo não. Tanto isso é verdade, meus jovens patriotas, e tanto é verdade o que afirmamos e o que afirmo, que bastaria admitirmos que se os russos ou outros povos quaisquer estivessem fazendo os que os norte-americanos vêm fazendo deste há muito tempo neste país, já estaríamos de armas na mão para defender o nosso território e a nossa soberania.

Ou quem sabe, para esses brasileiros traidores e insensíveis, que para a crosta dominante, que para a crosta dominante dos comprometidos a América do Norte deixou de ser um país estrangeiro para nós? Podem pretender escamotear a verdade que aqui proclamamos, porém jamais conseguirão ilaquear os nossos sentimentos e desembrenhar do nosso espírito e do nosso coração o amor nativo que temos pelo chão do Brasil. Não precisamos buscar, não precisamos buscar, meus jovens patriotas, sequer inspiração em doutrinas políticas ou ideológicas, ou ideologias, para pela identificação dos males concluímos, como concluímos, pela realidade desse insidioso processo de ocupação e domínio do nosso país. Temos raízes profundamente deitadas no solo brasileiro para distinguir o que é nosso, o que se faz em nosso favor do que se faz contra nós, numa conspiração contra o nosso presente e numa conjura ainda maior contra o futuro dos nossos filhos. Guia à nossa inspiração o sentimento de brasilidade que desde há 4 séculos tem sido a inspiração suprema da nossa unidade material e espiritual.

A escravidão, meus jovens patriotas, é uma só. Através dos tempos, ela tem mudança de forma e aparência, de aspectos e feição, mas sua trágica substância continua inalterada não importando as expressões com que se a pretende batizar ou disfarçar em tôdas as partes do mundo, de paz romana, de nazismo, fascismo, comunismo ou mundo livre. Há essencialmente duas formas pelas quais uma nação pode perder ou alienar a sua soberania - assim como a pessoa humana perde a sua vida ao sofrer um acidente ou ao ser vitimada por um mal súbito, uma nação poder ser escravizada por uma invasão militar do tipo das invasões comandadas por Napoleão ou pelo nazismo - mas assim também como a pessoa poder perder a sua vida progressivamente, como vítimas de um mal insidioso, de gestação lenta, de manifestação que não se revela senão ao cabo de vários anos, assim também, sem se aperceberem, de forma quase insensível, as nações perdem a sua soberania, quando submetidas a um processo insidioso e crescente de infiltração e controle de sua vida interna e de sua economia, cuja deterioração termina por resultar na alienação de sua independência e de sua capacidade de auto-determinação.

Se nos deslocarmos um pouco na história, procurando um ângulo, uma perspectiva mais ampla para o julgamento de nossa atual situação, tornar-se-á mais fácil a compreensão do período que estamos vivendo. Verificaremos que nossa vida econômica, e em consequência a nossa existência política, meus jovens patriotas, estão cada dia numa dependência maior das decisões que se tomam em torno das mesas que se encontram em Washington ou Nova York. Neste momento, eu não poderia fazer maiores detalhes na análise de tão candente matéria.

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Mas do seu simples exame, emerge a conclusão fácil e indiscutível de que estamos vivendo um ciclo bem nítido de nossa história, um período muito bem caracterizado de nossa existência.

Há uma circunstância que qualquer método de investigação sobre os nossos problemas não pode deixar de levar em consideração para conhecimento deste ciclo de nossa história. Todos os males que nos vêm afligindo são comuns a todos os países da América Latina. Aqui e ali em nosso continente, a sua manifestação pode variar apenas na sua intensidade - É fundamental que relembremos algumas passagens desses últimos decênios. Terminada a guerra mundial, os Estados Unidos emergiram do conflito como a grande nação vencedora, suas perdas foram mínimas, seu território permaneceu intacto - todas as grandes nações, Rússia, Inglaterra, Alemanha, Itália, França e outras saíram da guerra em menor ou maior grau com suas economias extenuadas, seus exércitos enfraquecidos, suas populações dizimadas, sua produção desorganizada, defrontando-se todas elas com imensos problemas de recuperação. A poderosa nação do norte do nosso continente, concluída a guerra, tinha os seus exércitos em todos os quadrantes do mundo - sua esquadra dominava os sete mares, assumindo os Estados Unidos ainda controle das rotas marítimas, das aerovias, de todos os sistemas de comunicações e transportes internacionais. A sua economia e sua moeda passaram a ser não apenas a ordem econômica dominante em relação às demais, converteu-se no verdadeiro centro de polarização de grande parte da economia mundial, pois os Estados Unidos emergiram da guerra como o centro dinâmico do mundo capitalista.

Como os norte-americanos, nós também fomos à guerra. Derramamos o nosso sangue, combatendo a opressão e a tirania. Brasileiros inolaram as suas vidas em holocausto à causa da liberdade e dignidade humana. Nosso patrimônio material foi afetado. Sofremos, numa palavra, vicissitudes. Muitas consequências da grande hecatombe. Ajudamos os Estados Unidos a ganhar a guerra. Ajudamos os nossos irmãos do norte a assumirem a liderança mundial que hoje disfrutam. Acreditamos nas palavras de Roosevelt segundo as quais estávamos lutando por um mundo melhor, um mundo livre da fome, da miséria, do medo, da insegurança, do atraso material e do obscurantismo cultural. Vencemos a guerra, vencemos a guerra mas perdemos a paz. Foi estranhamente no período da paz, no período do mundo melhor que nos prometiam que se abriu para o povo brasileiro este ciclo de martírios, de desgraça, de frustrações e de sofrimento. Enquanto isso os nossos antigos irmãos do norte mais enriqueciam e se tornavam mais poderosos.

Não será difícil, meus jovens patriotas, atentem bem para essas minhas palavras, compreender que sobre as mesas de reuniões dos grupos dominantes norte-americanos, nos instantes finais da guerra, foram tomadas as mais importantes decisões visando à integração mundial do capitalismo sob a égida dos Estados Unidos. É fácil compreender que na méca do capitalismo fossem estabelecidos planos que permitissem à grande nação do norte deglutir, assimilar um imenso império econômico que inclusive com a nossa ajuda acabava de ser colocado sob os seus pés, resultantes dos destroços da guerra. Já a esta altura o poder de decisão na grande república do norte havia sido há muito tempo deixado de se exercer através do mecanismo idealizado com a federação política de Jefferson e de Hamilton, para se realizar e se exercer de fato menos através dessa federação po-

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lítica de estados mas através de uma espécie de federação de corporações econômicas e financeiras. Estava assim na implacável fatalidade do seu interesse capitalista por em ação planos econômicos que assegurassem a expansão do seu poderio. Estavam presentes, pois, nas mesas das decisões, naqueles momentos importantíssimos, os delegados das corporações, dos "holdings", dos "trusts" e dos monopólios. E o que se fez então?

Podemos compreender hoje, pelo menos, que dois grandes planos fundamentais foram adotados pelo governo de Washington e pelas corporações de Nova York: o primeiro deles objetivando drenar para os Estados Unidos as riquezas, carrear as riquezas e matérias primas de todas as partes do mundo capazes de representarem pela sua absorção pelo mercado americano o maior fortalecimento da economia daquele país, exatamente como se fazia ao tempo do Império Romano. Através dos termos de um comércio não equivalente, comércio característico entre as áreas metropolitanas e áreas coloniais, os produtos primários, as matérias primas de que os Estados Unidos careciam passaram a ser comprados a preços progressivamente aviltados, enquanto simultaneamente passaram êles a nos vender a custos permanentemente valorizados os bens industrializados. Estabeleceu-se assim um regime de troca que teria de determinar um enriquecimento progressivo e a capitalização cada vez mais potente e mais rápida da economia americana. Se a Rússia fez ou faz o mesmo em relação aos países que ficaram sob a sua área de domínio não é problema nosso - é problema que pertence aqueles países e o máximo que lhes podemos dar nas atuais circunstâncias, é a nossa solidariedade moral porque o que temos a fazer neste instante é lutar e defender os nossos próprios interesses. Este foi o primeiro plano.

O segundo plano, estabelecido naturalmente em conexão com o primeiro, e chamado de Plano Marshall, visava à recuperação da Europa Ocidental como uma barreira contra a expansão soviética. Grandes recursos em dólares foram fornecidos aos países do Velho Continente para a sua reconstrução. Feitas as inversões, tais países ingressaram num período de prosperidade que a esta altura já superou inclusive os níveis e os padrões vigentes antes do conflito.

Meus jovens patriotas, que a prosperidade daqueles países não decorreu da execução do Plano Marshall, e que no fundamental, o qual no fundamental representou apenas meios de reconstrução. O verdadeiro segredo da prosperidade da Europa Ocidental foi a equação favorável que o esquema instituído pelo primeiro plano ensejou às suas economias, isto é, foi a relação de trocas altamente favorável aos países europeus que cometeram as maiores violências que ajudamos a vencer, que facilitou e acelerou o processo de capitalização, crescente daquelas nações.

Em relação a nós, meus jovens patriotas, isto foi o que os nossos irmãos do norte, colocados na liderança mundial, inclusive por nós, fizeram para êles e fizeram para os países da Europa, que inclusive nós, país subdesenvolvido, ajudamos a derrotar. Adotaram um esquema que representou a capitalização crescente dos Estados Unidos e daqueles países. E em relação a nós, brasileiros e latino-americanos, que esquema, que plano, que gesto teve o nosso antigo irmão ao qual nunca negamos a nossa solidariedade e cuja posição de liderança mundial tanto a nós é devida? O que os E.U. reservaram para nós não foi apenas a sua glacial indiferença, decidiu ou consentiu êle que o Brasil e a

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América Latina, meus patrícios, esta é a grande verdade, fossem reduzidos a uma espécie de fundo de quintal, a uma espécie de área de extração fornecedora de inuárias para os banquetes das nações dominantes. Passamos então a descapitalizar-nos, em consequência de uma equação econômica iníqua, injusta, odiosa, adotada e instituída pelos E.U. O mundo melhor do Presidente Roosevelt passou a ser para nós o mundo das aflições, das angústias e do crescente empobrecimento.

Eis que para nós se iniciou o ciclo que estamos vivendo. Como consequência da equação econômica desfavorável e dos desequilíbrios que como resultado se geraram internamente. Ingressamos desta forma num período de emissões feitas a jato, emissões e mais emissões, papel-moeda em quantidade crescente no processo inflacionário. A desvitalização da economia brasileira veio favorecer, como a desvitalização de um organismo favorece a penetração de tódas as infecções, em larga escala, do capital monopolista estrangeiro em setores básicos da nossa produção. Essa penetração que, a medida que se intensifica, representa maior controle das nossas riquezas, opera através do florescimento das subsidiárias dos "holdings" internacionais; do Brasil considerado como reserva de mercado; dos financiamentos de privilégio, do pagamento de juros, de royalties, lucros e dividendos, finalmente, do quase completo domínio de quase tódas as nossas operações de exportação e de importação. Querem dizer que isto é um exagero? Pois eu posso dar um exemplo. Eu peguei duas dessas subsidiárias em flagrante, roubando e extrairdo lucros deste país. Nessas condições formou-se um verdadeiro sistema de bombas de sucção, um sistema de ventosas, aplicados no sistema econômico do nosso país. Paralelamente, agindo em conexão com este sistema, desenvolveu uma estrutura interna modelada à sua feição, dispostas a funcionar no interesse dos referidos sistemas, entrosados num complexo dinâmico. E aí tivemos, meus jovens patrícios, o que denominamos de processo expropriativo que vem incidindo sobre o nosso país. Não temos, nem ninguém jamais terá como dimensioná-lo. Tudo que é possível é avaliar a intensidade com que atua em nosso país, através da contemplação das sequelas e cicatrizes que ele deixa no organismo nacional-- sequelas e cicatrizes que se espelham com fidelidade na elevação incontrolável do custo de vida. A medida de como atua o processo expropriativo, dilapidando as riquezas do país e usurpando os resultados do trabalho de todo um povo está na carestia da vida. E mais ainda, que é crescente e inexorável.

Como não poderia deixar de ser, a nossa vida pública e a política brasileira vêm tendo no decurso deste ciclo conduta condicionada pelo processo expropriativo que caracteriza este período histórico da nossa vida. A própria constituição da República oferece uma estrutura apenas dinamizada para conservação dos direitos adquiridos, vale dizer, em grande parte direitos que importem em privilégios anti-sociais e anti-nacionais. Todas as conquistas inscritas no texto da Magna-Carta e que deveriam abrir caminho ao nosso desenvolvimento econômico, social e cultural, permanecem até agora letra-morta -- não ultrapassaram de condição de tímidos enunciados doutrinários. O caso do latifúndio, da propriedade improdutiva é exemplo típico. A constituição de 1946, meus jovens patrícios, estudantes de Direito, ao estabelecer que a propriedade deve ser função social, a rigor decretou a revogação do direito de propriedade sobre toda propriedade anti-social, fato porém que não obrigou a nenhuma ação do poder público contra a nossa estrutura agrária caracterizada pelo latifúndio, que é a mais anti-social das formas da propriedade da terra. Os dispositivos constitucionais que asseguram a proteção dos valores do trabalho, que determinam a obrigatoriedade da vida digna do cidadão brasileiro

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que obrigam o Estado a velar pela figura humana do cidadão e da sua família, isentando-o da exploração, protegendo-o contra a miséria. Nenhum destes dispositivos tem vigência real na vida prática.

De tal forma, meus patrícios, que a rigor podemos dizer que tudo que aí está se passando com o povo brasileiro ocorre e se desenvolve ao arrego da Constituição porque não está inscrito na Constituição que o povo brasileiro deva ser empobrecido progressivamente e que o povo brasileiro deva ser expoliado pelas corporações estrangeiras.

E a nossa vida política, meus jovens patrícios, nesse período, os nossos homens públicos, quando alertados por uma erupção mais grave da crise social, daquelas sequelas e daquelas manchas, tratam de seus efeitos e sintomas sem a coragem de decidir sobre o ataque às suas causas profundas. E a própria circunstância de viver o país em regime constitucional e de ter um Congresso em livre funcionamento é uma verdade que precisamos proclamar. Tudo isso tem levado o estado brasileiro a dar cobertura legal ao processo expropriativo e a legitimar o esbulho que se vem praticando contra o povo brasileiro. E assim chegamos aos dias atuais. E assim que atingimos o dramático momento que estamos vivendo.

Em todo este período, meus jovens patrícios, nesses quase 20 anos de nossa vida, ergue-se um marco que permanecerá pelos tempos assinalando este ciclo de injustiças e de ingratidão. Quero referir-me à carta-testamento do Presidente Getúlio Vargas. Este documento não é uma simples carta de despedida de quem deixa a existência e dá o primeiro passo a caminho da eternidade. É um documento autêntico e de autoridade indistutível. É o mais autorizado de todos os pronunciamentos, de todos os documentos da recente vida política brasileira, porque representa o pensamento de um homem que, em toda a sua longa existência, jamais perdeu a serenidade e foi o mais tranquilo dentre todos os grandes vultos da história brasileira. E é impressionante que o Presidente Vargas tenha fixado o seu pensamento conclusivo, conclusivo de sua vida, numa carta que para garantir a sua autenticidade ele resolveu selar com o aval da sua própria vida. É que contem a carta de Vargas, meus patrícios de todas as gerações? Documento que recém agora começamos a compreender. Ela nos apresenta muitas faces de um só e único problema, o que quer dizer, da preocupação suprema e conclusiva, culminante da longa vida daquele grande brasileiro. O problema que aquele grande homem público considerou o mais fundamental de todos os problemas brasileiros, pois além de palavras generosas - algumas poucas e de despedida - a carta de Vargas, meus patrícios, é uma convocação à rebeldia, constitui-se num tremendo e dramático libelo contra o processo expropriativo que se desenrolou contra o povo brasileiro. É a condenação do que os nossos antigos e ingratos irmãos do norte vêm fazendo conosco. Eis porque, meus jovens patrícios, essa carta assume para nós hoje e daqui por diante a importância de um autêntico catecismo cívico para o Brasil e para nós, brasileiros.

Estamos aqui, meus jovens patrícios, neste momento, para um acerto de posições entre a vossa geração e a minha geração. Somos, neste país, nós, que nos consideramos patrícios autênticos, libertos, desligados dos nossos interesses individuais, mobilizados, somos a legião também dos inconformados, legião que cresce ao ritmo libertário em que o

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povo brasileiro adquire consciência do esbulho que vem sofrendo, e da gravidade dos perigos que pesam sobre o nosso chão sagrado e sobre os destinos dos nossos filhos. Aproximamo-nos do insuportável, por isso mesmo aqui estamos, meus jovens patriotas, no limiar da undécima hora. Preparamo-nos moral, mental e materialmente para vivê-la é o nosso dever. Se não desejarmos ser tragados pela voragem social, pela tempestade que começa a soprar, ou pela opressão, ou pela tirania que poderá se desencadear sobre nós, como neste momento se desencadeou sobre o generoso povo da Argentina. Sabemos hoje quais os males que nos atormentam, conhecemos as suas origens, as custas de duras penas porque nos enganaram muito tempo. Deslinhámos o complicado cipó das teorias forjadas para mistificar e inibir as nossas mentes e identificamos a causa fundamental da nossa expropriação e do crescente empobrecimento do povo brasileiro. Sabemos que estes males não estão na inflação, mas no saque internacional do nosso povo que provoca a inflação. Sabemos que a elevação nominal dos salários não é causa da carestia mas consequência do alto custo de vida que por sua vez é consequência do processo expropriativo, do tributo, do imposto, é o próprio tributo, é o próprio imposto, é o próprio dízimo que estamos pagando para essa nova versão do Império Romano. Vemos dia a dia a desvitalização crescente do nosso povo, transformando-nos criminosamente numa espécie de sub-raça, pela fome, pela desnutrição, pelo atraso material e cultural. Verificamos que a nossa soberania vem sendo insidiosamente minada pela influência e predomínio de interesses e pressões que marcam a penetração do poder absorvente do grande império norte-americano. E porque a tudo isso testemunhamos, presenciamos e assistimos, porque com tudo isso nos revoltamos, e a nada disto emprestamos a nossa tolerância, é que estamos aqui, é que eu me encontro aqui, ao vosso lado, jovens do Brasil, para vos dizer que nós, como milhões de outros brasileiros, estamos determinados a fazer da luta contra este processo de ocupação e de destruição da nossa pátria a própria razão da nossa vida. Que não se enganem conosco, que não se enganem conosco.

Quero vos fazer ainda uma outra declaração que é muito importante, especialmente nesses dias: creio ainda, meus patriotas, precisamos crer no processo democrático de que dispomos. Apesar de todas as frustrações que até agora a sua prática tem proporcionado a todos nós e ao povo brasileiro, até hoje no Brasil os quadros da democracia política foram organizados de molde e maneira a favorecer o processo expropriativo. São quadros comprometidos com o processo expropriativo, com esse ciclo da vida brasileira, e organizados para manter no poder os grupos oligárquicos e dar gente e poder de controle e de decisão a muitos tartufos e vendilhões do templo. Acredito, porém, devemos ter essa esperança, precisamos ter essa esperança ainda: que no desenrolar da luta, com a criação de uma nova consciência, a democracia que dispomos venha a se regenerar e então possamos tê-la como instrumento da nossa luta. Eis porque vos peço para o processo democrático que dispomos ainda um crédito de confiança, apenas um, crédito esse também - estou convencido e certo - será a última oportunidade de uma solução pacífica para a situação brasileira! Será a última oportunidade, eu quero repetir, de uma solução pacífica para a situação brasileira.

Designal e árdua será a nossa luta, luta sobretudo contra o poder econômico, contra a crosta dominante e mobilizada em todos os seus níveis pela reação, para impedir a ascensão ao Legislativo da República de autênticos representantes populares, de legítimos mandatários da nação, de homens públicos que tenham a consciência de que - aten-

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tem bem para essas palavras - de homens públicos que tenham a consciência de que ou ingressamos imediatamente numa fase de rápidas decisões libertárias, destinadas a corrigir estas inomináveis injustiças para com o povo brasileiro, ou será inevitável nesse país a explosão revolucionária!

Tenho certeza, meus jovens patrícios, a certeza inabalável de que se tal ocorrer não seremos apenas nós que esta noite nos encontramos reunidos neste templo do direito, da justiça, da liberdade que é a Faculdade Nacional de Direito. -- Não apenas nós, mas milhões de outros brasileiros, que não hesitarão em trilhar os caminhos da revolução se os caminhos das reformas não levarem o nosso povo à posse do seu próprio destino e não restituírem ao homem brasileiro o direito à uma vida livre da pobreza e da miséria, amparada nos valores da dignidade e da decência humana.

E nós proclamamos, e nós proclamamos, que não há alternativa, não há escolha, não poderá haver opção, nem contemporarizações ou delongas: ou realizaremos essas reformas já, já e já, e por reformas (ou realizaremos essas reformas já, meus jovens patrícios) e por reformas entendemos em primeiro lugar como coisa fundamental, como uma espécie de pré-requisito da nossa libertação da miséria, por reforma entendemos em primeiro lugar não de ferro contra os expoliadores - por reformas nós precisamos dizer em primeiro lugar, que se constitui numa atitude de um governo autêntico e fortalecido pelo apoio popular, dizer àqueles que foram os nossos antigos irmãos e que hoje são os nossos expoliadores, dizer a eles desde logo: se vocês quiserem vir para cá, tragam as suas mulheres e seus filhos e se enraizem aqui, e passem a viver em cruzeiros, e a deixar de mandar dólares para o seu país! Governo que precisará dizer a eles, assim de cara a cara, que se quiserem ficar aqui, como estrangeiros, como foram os nossos pais, os nossos avós, porque nós não temos prevenções só porque são estrangeiros, todos nós, nesta grande nação temos a nossa ascendência, raízes que vieram d'outras nações, mas vieram para cá para criar outras raízes, para um transplante, para se integrar e criar conosco uma grande nação. Mas estes outros, nós precisamos dizer a eles, sem medo de usar palavras claras e inequívocas, se vocês quiserem ficar nestas condições, cortem o cordão umbilical com o centro do capitalismo mundial que é o seu país! E tratem de aprender o português, e tragam as suas mulheres e as suas crianças porque para nós CHEGA! de gerentes, de "experts", de espertas para fazer a tradução em português, de expoliadores... coragem de dizer a eles de frente: se vocês quiserem continuar o que estão fazendo conosco a porta da rua está aí, que não nos apareça mais, que nos deixem -- governo que tenha a decisão de pôr um fim e um controle nesta ofensa aos brios nacionais que é essa quantidade de militares e de agentes secretos que andam aí cruzando à vontade o nosso país. Dizer a esses militares que nós não aceitamos os seus acordos, que nós não aceitamos os seus acordos a não ser em paridade de condições. Dizer a esses militares que andam por aí à vontade, alguns eu encontrei em meu estado que nem sequer passaporte ou documentos possuem, dizer a esses militares que essa terra tem dono -- Assim devem começar as reformas, porque nenhuma outra, meus patrícios, poderá dar resultado neste país, sem empréstimos e nem nada, porque será o mesmo que colocar água pela boca de uma lata furada no seu fundo. Por conseguinte, meus jovens patrícios, devemos ter portanto bem claro, devemos ter portanto bem claro o dilema que a hora nos impõe. Reformas imediatas e corajosas porque senão também a curto prazo será inevitável a revolução. O nosso dever de homens que integram a vanguarda popular é enfrentar, atentem bem, uma a uma como até agora, as etapas da luta política legal, para que não deixemos

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aos nossos perseguidores, para que não deixemos aos feitores dêsse povo o argumento de que não tentamos o emprêgo de tôdas as armas disponíveis no arsenal da democracia. Sabemos que o povo já não mais se inclina a esperar. A injustiça e o desespero, meus jovens patrióticos, despertam forças incontroláveis no espirito humano e não deixam ninguém esperar - e não seria de estranhar que pudesse ser de outra forma, pois até o modelo, o modelo ético mais perfeito do homem que foi o Filho de Deus, momento houve em que, na sua vida de mansuetude, tomado de sagrada ira, não hesitou em expulsar a vergastada os vendilhões do templo. A evocação, meus jovens patrióticos, dêste episódio bíblico impõe-se hoje, como grave advertência, aos que não acreditam, para falar ainda conforme a Bíblia, na cólera dos mansos.

Na História humana, meus jovens patrióticos, não há exemplo de que a generosidade dos fortes seja fator de libertação das grandes massas oprimidas. Os carcereiros não rompem cadeias, não destroem muralhas, e nem derrubam Bastilhas. Só os oprimidos ganham a sua libertação através de uma luta em que não escolhem entre a vida e a liberdade. Finalmente, meus jovens patrióticos, se a democracia de que dispomos continuar como até aqui como uma espécie de cobertura legal para o esbulho de nosso povo e para o processo de ocupação do nosso país por uma potência estrangeira, seja ela qual for, mesmo que seja de irmãos que foram de nós antigamente, eu vos repito, se a democracia que dispomos continuar sendo uma espécie de cobertura legal para o esbulho do nosso povo e para o processo de ocupação do nosso país por uma potência estrangeira, aqui declaramos, todos nós, milhões de brasileiros que nos ouvem e nos assistem por êste imenso país, aqui declaramos todos nós, num solene juramento, denunciaremos tal sistema como um instrumento de opressão e de domínio de nossa pátria, denunciaremos tal sistema como um instrumento de opressão e de domínio de nossa pátria e caminharemos para os meios de luta ao nosso alcance. Ouçam-me - ouçam-me ainda, meus jovens patrióticos, nós que ainda há pouco cantamos juntos o hino nacional, um dia nessa luta, com os meios que tivermos haveremos de expulsar os opressores de nosso povo. E vos digo, ainda, se o sacrifício nos espera, não importa, nós somos libertos, somos libertos, já nos libertamos de todo comodismo, de todos os interesses materiais, e nós somos brasileiros demais para suportar a submissão. Se o sacrifício nos espera, meus jovens patrióticos, não importa, somos brasileiros demais para suportar a submissão e para nós, nesta altura da nossa vida, da nossa existência, mais vale perder a vida lutando que perder a razão de viver.

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Translation of Speech Delivered by Governor Leonel Brizola May 22
at Centro Academico Candido de Oliveira, National Law College, Rio
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I should wish to be here with you with a tranquil spirit. I should wish that this our meeting were marked by calm contemplation of the proper course to follow to achieve the best. A tranquil meeting--this is what we cannot have. We are living in a crucial era. We must think clearly and rapidly because even time is running against the most cherished interests of our country. The Brazilian people today are struggling in a setting of desperate troubles and imminent dangers. Tomorrow we may be faced with the irreversible. Our time is one for action. From North to South, the people of this immense and tormented land, in the cities and in the country, in the factories and the universities, at home and at work, are demanding prompt, courageous decisions. We have met here tonight, my young compatriots, precisely because we are sensitive to the claims of our brothers, and also because of the imperative strength of our true patriot's consciences--consciences which repudiate an attitude of indifference, temporizing gestures, procrastinations, academic discussions, everything in short that may tend to maintain the country in a state of inertia and immobility, when it is our duty to awaken it so that it will acquire an awareness of its ills, toward a constructive opposition, toward a re-encounter with its destiny.

The clear, unequivocal, exact feeling of this assembly, of this meeting of several generations, is that of a convocation. I am here not to enter into discussion but to proceed to a call. I really do not know of another task that can more profoundly devolve upon us, all of us, at this moment, if not that of our self-convocation to the fight against the growing impoverishment of the Brazilian people and for the preservation and defense of our national sovereignty. Because we are profoundly Brazilian we cannot witness with the indifference of spectators, attentive merely to our individual interests, the drama that unfolds before our eyes, the martyrdom of our brothers, our children and our families. Nor will there suffice, at this time, verbal protests, philosophic outbursts of sentimental revolt. We require action. Either we quickly change the present conditions of Brazilian life or we betray our obligations of solidarity with our people and fidelity to our country.

I am certain that, starting tomorrow, you will hear repeated accusations that I made reckless, subversive statements here. Is it, then, I ask you, reckless or subversive to proclaim that the Brazilian people are being submitted to a growing process of devitalization? Is it false to state that our national sovereignty is being insidiously undermined? Many will say that I have come here to agitate or practice demagoguery.

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Still others, preferring not to argue with me the accusation proceeding from the arsenal of reactionism, will answer me with indifference and silence. Not only because they are afraid to think, but because their personal interests do not allow them to think like Brazilians. It is to them that I should like to address certain questions. How do they explain, how can they explain what is happening in our country? Why is it that countries smaller than ours, less populous, economically weaker and potentially less wealthy, are not suffering the same terrible evils that are affecting our people and that are leading us to disaster? Why when the last war had ended, did galloping inflation break out in our country with such force that no administration has been able to contain it? Why are our people being ground under by the constant rise in the cost of living? Why is it that every day we, the Brazilian people, pay a higher toll for the simple right to live? Why is it that the poverty-stricken areas of our country are seriously increasing in extension? Why has the Northeast reached a stage of widespread hunger?

And let them also tell us: Why the proletarianization of the middle classes? Why is an ever-growing portion of our rural and urban population condemned to inevitable impoverishment? Why the continuing and growing transference of the fruits of the labor of the great masses of the population who live on their salaries and of those who live by their work in the fields and on the farms? --transference into the privileged hands of the economically dominant classes and groups? Why the transfer of national savings abroad in an alarming flight of our wealth? Why is it that with every day that passes our governments administer less, make fewer decisions about the fate of our country, concentrating their efforts merely on the objective of averting or reducing the public deficits that now reach, in round figures, a sum greater than 100% of all the revenues of the Union, states and cities added together? Why does the indifference of the ruling classes to the fundamental problems of the country and to the despair of the working classes increase every day along with their voracity and selfishness? Why in Brazil today are the sectors of the population lacking the means of subsistence increasing? Why are the legions of the unlettered, the under-employed, and those families with nothing to fall back on, condemned to an irremediably marginal social existence? Why is there an increase in the millions of families in this sub-continental country without a parcel of land on which to live and produce, while the great estates remain untouched? Why is there an increase, in disquieting proportions, in the number of Brazilian children without schooling, and in the number of victims of undernourishment? Why is the mortality rate for children, in some parts of our country, up to 400 per 1,000?

Why is it that every day a growing number of representatives of our intellectual elite put themselves at the service of the business world, little heeding whether these businesses are harmful to our national interests? Why, since the last war, has our trade with the rest of the world developed even more disadvantageously for our country? Why does the produce of our labor and of our economy progressively fall in value among

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the economies of the underdeveloped countries? Why have we not, until now, achieved even the minimum degree of progress that would keep us abreast of our populational growth? Why must we constantly incur more debts and solicit more loans from abroad merely to compensate for instability and losses caused by business and operations conducted in the international field in the name of our country's interests? Why are the penetration and domination over broad, fundamental sectors of our national existence by foreign corporations systematically increasing? Why do the products which we export represent an ever lesser value, though the volume of our exports constantly grows? Why, in recent times, on the average of one per day, do domestic enterprises come under the control of foreign corporations, becoming mere subsidiaries of international organizations, holding companies, trusts, monopolies? Why are our imports and exports falling progressively into the hands of foreign corporations, to the extent that everything we buy and everything we sell has prices and conditions fixed by the head offices of these corporations on the New York Stock Exchange? Why is there an increase in the number and activities of the managers, of the "experts", and businessmen, almost all of them Americans--foreigners who remain indefinitely among us but not like our fathers, who came here with their families and sunk roots in our soil and made themselves part of the life of the country?

And let them also tell us: Is it or is it not true whether upon the replacement of a Brazilian enterprise by a foreign subsidiary the primacy of the national interest is not also replaced by the interests of the head office, of the holding company to which the subsidiary belongs? Is it true or not that in our country foreign subsidiaries spread like mushrooms, monopolistically occupying fundamental sectors of the national scene, as in the case of the pharmaceutical industry, to mention a business directly linked to the lives and health of our people? Is it true or not that large portions of the ruling classes of the country are intimately associated with the tangled complex of business deals and operations of the subsidiaries and of foreign interests? Is it true or not that this complex of interests directly influences our internal affairs through news and publicity agencies, exerting pressures which often involve corruption and bribery, all to the end of molding public opinion in Brazil to the sinister pattern of their interests? Is it true or not that large portions of the economically dominant classes and groups and the so-called elite of Brazilian political power are directly or indirectly associated with this set of antisocial and antinational interests? Is it true or not that since the last war we have made accords, treaties, and agreements without number with the United States, including some most detrimental to the national interest? Is it true, is it true or not--let those who are able, answer us--that we live under a bombardment of notices prepared deliberately to condition Brazilian public opinion and numb our awareness? Is it true or not that great financial resources are being directly manipulated by American diplomatic officials in Brazil, with huge deposits at their disposal for propaganda activities and other offenses to the pride and sovereignty of our country? Is it true or not that our country has come to be the preferred route, the favorite spot

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for activities in growing numbers of the American military and agents of the Pentagon? Is it true or not that our country has come to be the preferred route, the favorite spot for activities in growing numbers of the American military agents of the Pentagon, the Secret Service, and the Department of State, specialists in politico-social machinations and activities? Let them answer us, let them answer us if they can!

But what is this, my young countrymen--Brazilians of all ages!-- were we like this before World War II? Yes, we were poor, but we were not in such a veiling and outrageous situation! Where is that better world for which we shed our blood in the last world conflict? How have we fallen so low that today we are obliged to accept used clothing, old clothing? Not only accept, but ask the United States for powdered milk, corn, beans and everything else to appease the hunger of our brothers when we live in a country that could be one of the richest storehouses of the world? I ask you, my young countrymen, what has become of our national pride? What would our ancestors, who transmitted their heritage, the legacy of an independent country of limitless possibilities, say of us if they could look upon this scene? What would these people of the North who fought against the Dutch invader say of us? What would the caribeans /people of Rio de Janeiro/ and fluminenses /people of Rio de Janeiro State/ who repelled the French corsairs say? And the ancient gauchos /southerners/ who resisted the Spanish invasions; the bandeirantes /frontiersmen of Sao Paulo/ who extended the borders of our country; the pioneers who seeded the land with their countless feats and achievements--what would they say? What would Tiradentes, the martyr of the Minas Gerais uprising, say? What would the founders of our independence, who forged a self-determining nation, say? In short, all those who with their heroism, generosity, idealism, and abnegation who desired that our soil become a garden of well-being and peace where all Brazilians might live free from fear of poverty, from terror of hunger, and domination by foreign powers--what would they say?

The truth, my young countrymen, the truth, all my countrymen of Brazil, is that this entire magnificent, native heritage of profound love for the land that has been our cradle and is to be our burial place, is being disfigured, and even worse, is being betrayed, and even worse, is under a fatal menace! We are, however, alerted and no one will again succeed in mystifying us or in preventing our opposition. Let them come no more, let them come no more with their cunning theories and interpretations, which pretend to explain our ills but really seek to confine and enslave the Brazilian people. Dozens, hundreds of ingenious theories have been propagated by the self-interested theorists! They must no longer impress us because treason and traitors are always fertile in imagination and know how to assume a thousand disguises with which to cloak their acts and crimes. But what is this, all this that is happening to our country? Those who will accuse us tomorrow, they cannot reply. Their consciences are too compromised. But we, my young countrymen, we will do it at the top of our lungs.

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And it is because of love for our country, because of the dedication we owe to our people, that we make here, with all the strength of our convictions, with full awareness of our responsibility, this affirmation, an affirmation which is at the same time a cry of pain and rebellion: what is happening to our country--let them coat the pill as they may--is nothing other, my countrymen, than the unmistakable sign that we are being submitted, slowly but inexorably, to a process of occupation of our country by the United States of America! An occupation slow and insidious, cunningly disguised, dissimulated but no less an occupation. What are our sufferings? The dilution of the value of our labor, the pitiless rise in the cost of living, the vertical drop in the value of our currency, the continuous loss in the purchasing power of our wages, not to mention taxes, imposts, the tribute we pay to this new version of the Roman Empire. The quislings, the agents of the economic fifth column can try to dissimulate this cruel and intolerable truth, but they will not succeed in their designs, because there they are in full view all my brothers of Brazil, offending us with their revolting and odious presence, the sequelae, the spots, the blemishes, the scars on the face and the body of our country.

Voices will not be lacking, put in pitch by the tuning fork of "common sense" so pleasing to those who rule, to say that we are proclaiming an absurdity and exposing something which is unacceptable. Unacceptable, less, but absurd, no. This much is true, and it is also true when I declare that we must admit that if the Russians or other peoples were doing to us what the Americans have so long been doing, we would already be up in arms to defend our soil and our sovereignty. Or who knows whether for the ruling, committed cohorts the United States has not ceased to be a foreign country? They can try to evade the truth that we are proclaiming here, but they can never ensnare our sentiments, remove from our spirits and from our hearts the native love we have for the soil of Brazil. We need not seek inspiration in political or ideological doctrines in order, through the identification of the evils, to conclude as we conclude, on the reality of this the insidious process of occupation and domination of our country. We have roots deeply sunk in Brazilian soil and so can distinguish what is ours, what is done in our favor, and what is done against us in a conspiracy against our present and in an even larger scheme against the future of our children. The feeling of Brazilianness, which for four centuries has been the supreme inspiration of our material and spiritual unity, guides our inspiration.

There is only one slavery, my young countrymen. Through the ages it has changed its form and appearance, its shape and figure, but its tragic substance remains unaltered regardless of the expression with which it tries to sanctify or disguise itself in all parts of the world: Pax Romana, Nazism, Fascism, Communism, or the free world. Essentially, there are two ways in which a nation can lose or surrender its sovereignty. Just as a human being may lose his life in an accident or through sudden illness, a nation can be enslaved by a military invasion of the Napoleonic

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or Nazi type. But just as a person can lose his life gradually, as a victim of an insidious disease slow in inception and manifestation, revealing itself only within a period of several years, nations can also lose their sovereignty, without being aware of it, imperceptibly, when they are submitted to an insidious, growing process of infiltration and control of their internal affairs and their economies, whose deterioration ends by resulting in the surrender of their independence and their capacity for self-determination.

If we jump about a bit in history, seeking an angle or broader perspective from which to judge our current situation, understanding of the period in which we are living will become easier. We will see that our economic life and in consequence our political existence, become continually more dependent on decisions made in Washington and New York. I cannot at this time undertake a detailed analysis of such a tricky subject. But even from a superficial examination, the ready and indisputable conclusion emerges that we are living through a clear-cut, very well-defined cycle of our history.

There is one circumstance that any method of investigation of our problems cannot fail to take into consideration in order to understand this cycle of our history. All the ills that afflict us are common to all the countries of Latin America. Here and there in our hemisphere their manifestation may vary but only in intensity. It is fundamental that we recall some pages of the history of the last decades. When World War II ended the United States emerged from the conflict as the great victorious nation. Its losses were minimal. Its territory remained intact. To a greater or lesser extent all the great nations, Russia, England, Germany, Italy, France, etc. came out of the war with their economies debilitated, their armies weakened, their populations decimated, production disorganized, all of them facing enormous problems of recovery. The powerful nation of the North, once the war had ended, had its armies in every corner of the globe. Its fleet dominated the seven seas, the United States coming to control maritime routes, airways, and all the systems of international transportation and communication. Its economy and currency came to be not only the dominant ones in relation to the rest; it /The United States/ became the veritable magnetic center of a large part of the world's economy, for the United States emerged from the war as the dynamic center of the capitalist world.

Like the Americans, we too went to war. We spilled our blood fighting oppression and tyranny. Brazilians sacrificed their lives in the holocaust for the cause of liberty and human dignity. Our material patrimony was affected. In a word, we suffered vicissitudes, many consequences of the great hecatomb. We helped the United States win the war. We helped our brothers of the North to assume the world leadership they now enjoy. We believed in the words of Roosevelt, according to which we were fighting for a better world, a world free of hunger, poverty, fear, insecurity, material backwardness, and unenlightenment. We won the war, we won the war, but we lost the peace. Strangely, it was in peace-

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time, in the time of that better world which had been promised us, that this cycle of martyrdom, misfortune, frustration, and sufferings began for the Brazilian people.

Meanwhile, our old friends of the North got richer and more powerful. It is not hard to understand, my young countrymen--mark well what I say--that in the final hours of the war the most important decisions, aiming at the world integration of capitalism under the leadership of the United States, were taken at the conference tables of the American ruling classes. It is easy to understand that in the Mecca of capitalism plans were made to enable the great nation of the North to swallow up and assimilate the immense economic empire which even we had helped lay at their feet, the result of war's havoc. Even at this time the power of decision had long since ceased to be exercised by the mechanism envisioned by Jefferson and Hamilton in their system of political federation, and in fact was being exercised and carried out less by political federation than by a species of federation of economic and financial corporations. It was thus that the capitalist interests relentlessly put in action their economic plans to assure the expansion of their power. Representatives of the corporations, holding companies, trusts, monopolies, therefore were present at the conference tables in those moments of supreme importance. And then, what was done?

We can now see that at least two great, basic plans were adopted by the government and by the New York Corporations. The first of them aimed at draining into the United States the wealth, the raw materials of all those parts of the world capable of representing, through their absorption by the American market, the greatest possible strengthening of the economy of that country, exactly as was done in the time of the Roman Empire. By means of imbalances in trade, a kind of trade characteristic of that between developed and colonial areas, the primary products, the raw materials that the United States needed came to be bought at progressively debased prices, while they began to sell us industrial products at permanently inflated prices. Thus was established an exchange system which had to result in the progressive enrichment and constantly more rapid and powerful capitalization of the American economy. If Russia did or does the same in relation to the countries in her area of domination it is not our problem. It is those countries' problem, and the most we can offer in present circumstances is our moral support, because what we have to do at this time is fight for and defend our own interests. This was the first plan.

The second plan, established in connection with the first, naturally, and called the Marshall Plan, had as its aim the recovery of Western Europe as a barrier against Soviet expansion. Great dollar resources were provided the countries of the Old World for their reconstruction. With these investments those countries entered on a period of prosperity that has now surpassed even pre-war standards and levels. My young

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compatriots, the prosperity of those countries did not, however, come about as the result of the Marshall Plan, which basically merely provided the means for reconstruction. The true secret of Western Europe's prosperity has been the favorable economic ratio for their economies that the scheme instituted by the first plan set up, that is, the relationship of exchanges highly favorable to those European countries which committed the worst acts of violence, which we helped to defeat, facilitating and accelerating the investment process in those nations.

With regard to us, my young countrymen, this is what our brothers of the North, placed in a position of world leadership--which we helped to do--did for them, for the European countries which we, an underdeveloped country, helped to defeat. They adopted a plan which meant the increasing economic expansion of the United States and of those countries. And for us, Brazilian and Latin Americans, what design, what plan, what gesture did our old friend have, our brother whom we never refused our support, and whose position of world leadership is to such an extent owing to us? What the United States reserved for us was not merely icy indifference.--It decided on or consented to the reduction of Brazil and Latin America--this is the truth, my young countrymen--to a kind of backyard garden plot, a kind of supply area to furnish the dishes for the banquets of the dominant nations. We began then to decline as a result of an evil, unjust, odious economic relationship instituted and adopted by the United States. President Roosevelt's "better world" for us came to mean a world of afflictions, anguish, and growing impoverishment.

This is how the era in which we are living began. As a consequence of the unfavorable economic relationship and of the internal imbalances which it generated we entered on a period of jet-propelled currency issuance, more and more issuances of paper money in increasing quantities in the inflationary process. The weakening of the Brazilian economy ended by favoring, as the weakening of an organism favors the penetration of infections, large scale foreign monopolistic capital investment in basic sectors of our production. This penetration, according as it increases, means greater control over our wealth through the multiplication of subsidiaries of international holding companies; it means that Brazil will be considered a kind of private market; it means the financing of privilege, payment of interests, royalties, profits and dividends, and finally, almost complete control over our exporting and importing operations. Is this an exaggeration? I can bear witness that it is true. I myself caught two of these subsidiaries in the act, stealing and extracting profits from our country. Thus, a veritable suction-pump system was formed, a leeching system, and applied to the economy of our country. A parallel internal structure of their design, acting in relation with this system, also developed, to function in their interests within a complex, dynamic framework. And so, my young countrymen, we have what we may call the exploitative process imposed on our country. We have no way--no one will ever have a way--to measure it. All we can

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do is estimate the power with which it acts in our country by noting the scars and blemishes it leaves on the national corpus--scars and blemishes inflicted in proportion with the uncontrollable rise in the cost of living. According as the exploitation process operates, devastating the wealth of the country and usurping the fruits of the toil of an entire people, so does the cost of living increase.

As could not fail to happen, our public life and politics are also conditioned by the exploitative process that characterizes this historical period. The very Constitution of the Republic offers a structure that favors the retention of acquired rights, that is to say, in large part rights which tend to confer anti-social and anti-national privileges. All the advances incorporated in the text of the Magna Carta which ought to break ground for our economic, social, and cultural development remain until now a dead letter; they are nothing but timid statements of intention. The matter of the great estates, unproductive property, is a case in point. The Constitutional stipulations assuring the right of the worker to share in the benefits of his labor, that guarantee a decent life to Brazilian citizens, that pledge the state to watch over the citizen and his family, protecting him from exploitation and poverty--these have no currency in real life. Thus, my countrymen, we can accurately say that all this that is happening to the Brazilian is happening against the Constitution, because the Constitution does not provide for the Brazilian people to be progressively impoverished and swindled by the foreign corporations.

And on the political scene, my young countrymen, our men of public life in this period, when stirred by one of the more serious outbreaks of social crisis, deal with the effects, the symptoms of those marks and blemishes, without the courage to attack the profounder causes. And the very fact that we live in a country with a constitutional government and have a freely-functioning Congress is a truth we should proclaim. For this has led Brazil to give legal sanction to the exploitative process, to legitimize the plundering of the Brazilian people. And so we have come to the present day. So we have reached the dramatic moment we are living.

During this period, my young countrymen, these almost twenty years of our lives, there appeared one milestone which will last through the ages to mark this cycle of injustice and ingratitude. I refer to the testament of Getulio Vargas. This document is not merely the farewell letter of one who is quitting life and making the first step on the road to eternity. It is an authentic document of indisputable authority. It is the most authoritative of all the declarations, all the documents of recent Brazilian political life, because it represents the thought of a man who, throughout his long life, never lost his serenity and was the most tranquil among all the great men of Brazilian history. And it is impressive that President Vargas set down his conclusive thoughts, his life's conclusions in a letter which he sealed with his life in order to

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guarantee its authenticity. And what, my countrymen of all generations, did Vargas' letter contain--this document that only recently we have begun to understand? It presents many faces of one, sole problem, that is, the supreme and conclusive preoccupation culminating the long life of this great Brazilian. The great man of public life considered that problem the most fundamental of all Brazilian problems, for aside from its few noble words of farewell, Vargas' letter, my countrymen, is a call to rebellion, constituting a tremendous, dramatic accusation against the exploitative process unleashed against the Brazilian people. It is a condemnation of what our old but ungrateful friends of the North are doing to us. This is why, my young countrymen, that letter assumes for us Brazilians, here and now, the importance of an authentic civic enthusiasm.

We are here, my young countrymen, to define the positions of your generation and mine. We in this country who consider ourselves authentic patriots, free of, detached from our personal interests, we are mobilized, we are a legion of the non-conforming, a legion which grows to a rhythm of liberation as the Brazilian people realize the way in which they are being robbed, and the seriousness of the dangers which weigh upon our land and upon the fate of our children. We are approaching the limits of tolerance, and that is why we are here, my young countrymen, on the threshold of the eleventh hour. It is our duty to prepare ourselves morally, mentally, and materially to live through it, if we wish to avoid being engulfed by the maelstrom, the storm which is beginning to blow, or by oppression or tyranny, which could be unleashed against us as it now has been against the noble Argentine people. Well we know the evils that torment us, we know their origins--at great cost we have learned, for they have long deceived us. We reject the tangled thicket of theories they have forged in order to mystify and indoctrinate our minds; we have identified the fundamental cause of our victimization and impoverishment. We know that these evils lie not in inflation but in the international plundering of our people; we know that the nominal increases in wages are not the cause of the high cost of living but its consequence, which is in turn the consequence of the exploitative process, of the tribute, the tax, that tribute, that tax, that tithe which we are paying to this new version of the Roman Empire. Day by day we see the growing deterioration of our people, which is being criminally transformed into a subhuman species by hunger, undernourishment, and material and cultural backwardness. We see our sovereignty insidiously undermined by the influence and predominance of the interests and pressures which mark the penetration of the permeative power of the great American empire. And because we have witnessed this, have attended, been present at its occurrence, and because it revolts us, because we refuse to tolerate it, we are here today, I am here by your side, youth of Brazil, in order to tell you that we, together with millions of other Brazilians, are determined to fight against this invasion, this destruction of our homeland and the very reason for our existence.

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I wish to make one more declaration which is very important, especially nowadays: I also believe, my countrymen, we must believe in our democratic process, in spite of all the frustrations which its practice up to now has caused the Brazilian people. Up to the present our political democracy has been organized in such a way as to favor the exploitative process. Committed to the exploitative process, in this cycle of Brazilian life, it has been organized so as to keep oligarchic groups in power and give the powers of decision and control to hypocrites and defilers of the temple. I believe, however, and we must all cling to this hope--that in the unfolding of the battle, with the creation of a new conscience, our democracy will be regenerated so that it will become a tool in our fight. That is why I ask of us that we retain a modicum of faith in our democracy--just that--for I am convinced and certain that there will be only one last chance for a peaceful solution to the Brazilian problem: One last chance, I repeat, for a peaceful solution to the Brazilian problem! The struggle will be hard and unequal--especially the struggle against the economic powers, against the dominant groups mobilized at all levels by the forces of reaction to prevent the entry into the national legislature of true representatives of the people, representatives with legitimate national mandates, men of public life who are aware--mark well what I say--that either we immediately enter a phase of rapid liberating decisions destined to correct these unspeakable injustices against the Brazilian people, or a revolutionary explosion will be inevitable in this country! I am certain, my young countrymen, unshakably certain that if the latter should occur it will not be we alone--we who meet tonight in this temple of law, justice, and liberty which the National Law College is--not we alone, but millions of other Brazilians who will not hesitate to tread the revolutionary road, if the road of reform does not lead our people to control over their own destiny, and if it does not restore to Brazilians the right to a life free of poverty and misery, a life sheltered by the values of dignity and human decency.

And we proclaim, we proclaim, there is no alternative, there is no choice, there can be no option, nor temporizing, nor delay. Either these reforms are carried out now, now, now--and by reforms--reforms now, my young countrymen--and by reforms we mean, in the first place, the basic thing, as a kind of prerequisite of our liberation from poverty, by reforms we mean in the first place an iron hand against the plunderers. For reforms we must in the first place say: that there be an authentic government fortified by the support of the people, that it take a stance and say to those who were our brothers and who today are our exploiters, say to them: If you want to come here, then bring your wives and your children, sink roots here, and begin to live in oruseiros and stop sending dollars to your country! A government that must say to them, right to their faces, if you want to come here as foreigners, as our parents were, or our grandparents--for we have no prejudices against foreigners as such, for all of us in this great nation are descended from stock that came from other countries but came to establish new roots, for a transplant, to make part of and create with us a great nation. But these others, we must say to them, unafraid of

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using clear and unequivocal words: If you want to stay on these conditions, cut your umbilical cord with the center of world capitalism which your country is! And try to learn Portuguese, and bring your wives and your children, because we have had enough! Enough of your managers, enough of your "experts"--espertos to put it in Portuguese /esperto = "clever", "devious", "sharp"/--enough plunderers.../We need/ the courage to tell them right to their faces: If you go on doing what you are doing, there's the door, and don't come back, get out! A government that will have decision enough to put an end to and establish control over these military men and secret agents that go to and fro at will in our country, in an offense to our national pride. To say to these military men that we do not accept their accords, we will not accept their accords except under equal conditions. To say to these military men who go to and fro at will--I came across some in my state who did not even have a passport or any other document--say to these military men that this country belongs to someone. That is how reforms should begin, my countrymen, because no other will do any good, not loans or anything else, because it would be the same as pouring water into a can with a hole in its bottom. Consequently, my young countrymen, we must keep our present dilemma clearly in mind; immediate, daring reforms are required or revolution will be inevitably and briefly upon us. Our duty as men comprising the vanguard of the people is to face--mark closely what I say--as we have up to now, the steps in the legal political battle in order that we not furnish our persecutors, the people's overseers, with the argument that we failed to employ all the arms available in the arsenal of democracy. We know that the people are inclined to wait no longer. Injustice and despair, my young countrymen, stir uncontrollable forces in the human spirit and make it impossible to wait--which is not surprising, for the model, the most perfect ethical model of man, the Son of God himself, also knew a moment in his life of gentleness when, seized by holy wrath, he did not hesitate to scourge the money changers from the temple. The allusion to this episode from the Bible, my young countrymen, is an apt one these days, as a grave warning to those who do not believe, to speak again in Biblical terms, in the wrath of the humble.

Human history, my young countrymen, tells of no instance in which the generosity of the strong was a factor in the liberation of the great, oppressed masses. The jailers break no chains, they destroy no walls, tear down no Bastilles. The oppressed achieve their liberation only in a fight in which there is no choosing between life and liberty. Finally, my young countrymen, if our democracy continues as it has up to now, as a kind of legal cover for the plunder of our people and for the occupation of our country by a foreign power, whichever it may be, even if it be of those who were our brothers, I repeat, if our democracy continues as it has as a legal cover for this process, we here declare, all of us, oh, millions of Brazilians who are listening; we here declare, in a solemn oath, we will denounce such a system as being an instrument of oppression and domination of our homeland, and we will set out on

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the path of combat to reach our goal. Hear me, hear me yet, my young countrymen, we who a little while ago sang our national anthem together, one day we shall expel the oppressors of our people with whatever means we may have. And I say also, if sacrifice awaits us, it does not matter, we are devoid of selfishness and material interests; we are too Brazilian to tolerate submission. If sacrifice awaits us, my young countrymen, it does not matter, we are too Brazilian to tolerate submission, and for us, at this time of our life, of our existence, it is better to lose life fighting than to lose the very reason for that existence.

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Centro Acadêmico Cândido de Oliveira -- Alô, alô, Raimundo Nobre de Almeida,
Alô --

(Outra voz) ... Juventude, os mesmos ideais que tem animado as grandes campanhas do Brasil. (Outra voz) Palavras do Prof. Linou de Albuquerque Melo, ao microfone das emissoras que transmitem diretamente da Faculdade Nacional de Direito nesta festa oferecida pelo Centro Acadêmico Cândido de Oliveira. Nós queremos anunciar a presença, além do Governador Leonel Brissola, do Diretor da Faculdade Nacional de Direito, Prof. Linou de Albuquerque Melo, do Deputado Adão Pereira Nunes, Almirante Cândido Aragão, Comandante do Corpo de Fuzileiros Navais, Dr. Mourão Filho, Presidente da União Metropolitana dos Estudantes, Dr. Paulo Schilling, Geraldo Silveira, Presidente do Fórum Sindical de Santos, representante da COWINC, Deputado Paulo Alberto, Deputado Hércules Correa, Diretor do ISEB Álvaro Vieira Pinto -- E agora passamos o microfone ao estudante José Carlos Brandão, Presidente do CACO, que lerá o Manifesto do Quadragésimo Sesto Aniversário do Centro Acadêmico Cândido de Oliveira.

Senhores e senhores curvados, a Mayrink Veiga do Rio de Janeiro, comandando 94 emissoras de todo o Brasil, diretamente da Faculdade Nacional de Direito, nesta festa do Centro Acadêmico Cândido de Oliveira para a transmissão, dentro de poucos instantes, da palestra do Governador Leonel de Moura Brissola, o líder do nacionalismo brasileiro.

Nós vamos neste instante, conforme anunciamos anteriormente, passar o microfone ao presidente do CACO, depois da palavra do Prof. Linou de Albuquerque Melo, falará José Carlos Brandão Monteiro, sobre o 46º aniversário do CACO.

(Outra voz) Digníssimo Governador Leonel de Moura Brissola, o governador da legalidade, digníssimo Professor Linou de Albuquerque Melo, Diretor da Faculdade Nacional de Direito, Comandante Aragão que nos honra com a sua presença, Dr. Francisco Mangabeira, Presidente da PETROBRÁS, Prof. Hélio Gomes, um digno vice-diretor da Faculdade Nacional de Direito; Antes de nós leremos a Declaração do 46º aniversário do CACO, que é uma análise do momento político-social do Brasil, nós queremos, deste microfone e desta televisão, fazer o nosso protesto inicial, o protesto dos estudantes do CACO contra o clima de terrorismo que atualmente anda na Guanabara. Ainda mais, queremos agradecer a presença de todos os representantes sindicais e de todos os operários que nos honram e nos afirmam com a aliança operário-estudantil-temporária. Queremos também agradecer a presença do Rádio Mayrink Veiga e da TV Tupi nesta noite na Faculdade Nacional de Direito. Passaremos a ler aquilo que chamaremos a Declaração do 46º Aniversário do Glorioso CACO:

A atual fase histórica que o país vive exige de todas as camadas sociais uma participação cada vez mais importante e decisiva. A presente elite dirigente mostra-se desafiado infiel aos compromissos assumidos com o povo. Por outro lado, o povo tem tomado consciência da urgência de uma mudança fundamental dentro da realidade nacional.

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... Os estudantes...

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Os estudantes, como força social atuante esclarecida, não poderiam deixar de participar da grande mobilização de esforços que a Nação reclama. A omissão das elites, a sua decadência e superação, as exigências legítimas do povo, sua miséria e desespero e englobando tudo, o projeto nacional fundamentado na ascensão das classes trabalhadoras e camponesas ao nível de participação dentro do processo político brasileiro e no estabelecimento de condições mínimas para sua existência obriga o estudante a uma tomada de posição em relação aos grandes problemas da atualidade.

Quando comemora o seu 464 aniversário de existência, o CAMB, compreendendo o alto sentido de sua tradição heróica ao lado das reivindicações e lutas populares, não poderia se furtar a um pronunciamento que exprime sua posição em face da realidade brasileira de nossos dias. Já está longe o tempo em que o povo brasileiro sofria passivamente a espoliação dos resultados de seu trabalho. Hoje é necessário inventarem-se fábulas como a da Aliança para o Progresso para entreter os realmas da emancipação nacional, assim como é indispensável mobilizar armarmentos e soldados como na Paraíba para tocar os trabalhadores das cidades e dos campos, reunidos em praça pública, como manifestação de protesto contra o assassinato de um de seus líderes cometido pelo latifúndio. Hoje na verdade o povo se organiza e se dispõe a lutar.

E acaso será injusta a luta do povo, precipitada e legítima? Acaso será essa luta efeito de bem urdida agitação praticada por damagegos profissionais? O fermento da revolta que lavra em todo o país, mas especialmente entre a massa camponesa, dizem alguns que sim, dizem muitos, dizem quase todos, e os responsáveis pelos destinos da pátria que sim. Mas nós dizemos que não. Categoricamente não. A luta não é injusta porque a miséria existe. Não é precipitada porque a exploração existe. Não é legítima porque a doença existe. Não é agitação porque em nosso país morre uma criança cada 42 segundos. Morrem 83 crianças por hora, morrem 2,040 crianças por dia. Não, porque a encefalostomose atinge 23 milhões de brasileiros - o bécio endêmico 18 milhões e mais. A esquistossomose 4 milhões. Não, porque mais de um milhão de brasileiros são portadores da doença de Chagas. Não, porque temos seiscentos mil bombáticas, setecentos e quarenta mil leproicos, um milhão de tracomatose contagiantes, não, porque no Nordeste cinquenta por cento da população morre antes dos 30 anos, não, porque nas regiões rurais as crianças de 12 a 15 anos estão expostas à fome maligna, não, porque, enquanto isto, em 38 dos laboratórios existentes no Brasil 18,4% eram nacionais e 81,6% eram estrangeiros. Em 1960 o número de laboratórios nacionais havia decrescido, atingindo apenas 12 e os estrangeiros aumentavam a sua participação para 88% do total.

A quem caberá a responsabilidade de tanta desgraça? A responsabilidade pela revolta do povo, dizemos nós, cabe aquele mesmo que é responsável por sua miséria e imperialismo! Discutamos muito

... atualmente sobre ...

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atualmente sobre a conveniência ou inconveniência, sobre a necessidade ou não de capital estrangeiro para colaborar na solução dos nossos problemas. O que é necessário deixar claro, todavia, é que capital algum emigra do seu país de origem com o objetivo de solucionar problemas alheios, antes de tudo o capital emigra para solucionar o seu próprio problema como ocorre com os capitais americanos, alemães, ingleses, japoneses que não tem possibilidade de ser investido de modo compensador em seu próprio país. O capital que emigra busca fundamentalmente a taxa de lucros que já não mais pode obter em seu país e como é da essência do capital a necessidade de altos juros, o dilema na reprodução e assim compreendemos quanto é vital para as nações em que há superabundância de capital a exportação do mesmo. O Brasil, assim como as nações demais subdesenvolvidas torna-se então um campo de investimento indispensável à subsistência destes capitais. Tal é efetivamente a verdadeira relação entre o capital estrangeiro e a economia nacional. Somos um país que alimenta o apetite voraz de lucros e capitais alheios, notadamente norte-americanos. Os capitais que aqui vêm, vêm somente para lucrar e não lucram pouco se somarmos todos os dólares saídos do país de '47 a '60 e descontando-se o montante em dólares que entrou obtivemos o astronômico excedente de um bilhão seiscentos e oitenta e dois milhões e seiscentos mil dólares. Se se compreende agora que semelhante cifra não foi criada de nada mas resultou da espoliação do trabalho nacional, torná-se evidente que o lucro remetido para fora exprime significativa parcela do esforço dos camponeses e dos trabalhadores urbanos, apropriada por empresários estrangeiros, que deixam de reverter em benefício do povo brasileiro, quer dizer, deixam de transformar-se em remédios, em escolas, em alimentos, em moradias, em roupas, que haveriam de alterar nossa posição de subdesenvolvidos. Em virtude do capital estrangeiro, vale dizer, em virtude do capitalismo que esmaga a nossa economia, que usufrui dos resultados do trabalho nacional, que a taxa de elevação dos preços de dezembro de '60 a '61 foi de 45%, que os preços do café, nossa principal fonte de divisas, continua sendo aviltada no mercado nacional. O latifúndio, como se sabe, cerca de 60% da população brasileira depende diretamente da terra para sobreviver. Para essa maioria do povo brasileiro, o acesso à terra significa literalmente o acesso à própria vida - quem não possui a terra está irremediavelmente condenado, tal como o testemunha a média de vida no Nordeste que não atinge 20 anos, tal como o manifesta a mortalidade infantil, a fome maligna nas áreas rurais do país. E é a esta conclusão, em termos de vidas humanas, que deve conduzir o conhecimento de índices tais como o seguinte: o total de número de estabelecimentos considerados grandes atingem apenas 9% do capital de estabelecimentos agrícolas no país, evidentemente um número ínfimo, insignificante, mas obstante esse número ridículo equivale a 75% do total da área ocupada do país. Ao lado disso encontramos que o capital de estabelecimentos pequenos abrange 85% de estabelecimentos agrícolas, isto é, a absoluta maioria de estabelecimentos é de reduzida proporção e que, entretanto, não equivale senão a 17% da área ocupada do país.

... A democracia ...

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A democracia representativa - cabe perguntar, porém, se o povo não possui representantes no parlamento que lutam por modificar semelhante estrutura - cabe perguntar se no Brasil não há eleições, governo democrático, legisladores sociais - há, evidentemente, mas a democracia política no Brasil é reflexo de suas condições econômicas. O parlamento conatituido de latifundiários, representantes do imperialismo, tímidos representantes da burguesia nacional e raro líderes autenticamente populares - de que modo poderia ser diferente se os analfabetos, camponeses e operários, não votam, se o processo eleitoral é corrompido pelo poder econômico.

Que fazer? É na função de tais realidades que o povo se organiza e luta porque é necessário alterar profundamente esta realidade, é necessário nacionalizar todas as empresas estrangeiras, é necessário nacionalizar todos os setores da economia fundamentais à existência do povo, é necessário impedir a entrada de capital estrangeiro, no Brasil, espoliador, é necessário emparar a indústria nacional que não controle setores importantes para a sobrevivência do povo, é necessário submeter a produção destas indústrias a rigoroso planejamento estatal, é necessário uma reforma agrária radical que elimine o latifúndio, collectivize a produção ali onde for possível, e redistribua a terra ali onde for necessário e planeje a produção agrícola, é necessário dar ao analfabeto o direito do voto, para que a democracia brasileira seja autêntica, é necessário fazer uma reforma universitária que abra a Universidade ao povo; para realizar um programa que objetiva realmente a alteração profunda da realidade atual e indispensável que o comando do processo político seja também radicalmente alterado, é absolutamente fundamental que a liderança do processo histórico brasileiro passe às mãos dos setores de renovação, dos trabalhadores, camponeses, estudantes e intelectuais, pois a burguesia nacional tem mostrado ser incapaz de levar a cabo semelhante tarefa como força propedrandante. E para a liderança do processo histórico brasileiro passe às mãos dos trabalhadores, camponeses, estudantes, intelectuais, o processo eleitoral atual já se revelou inteiramente ineficaz. A nossa mensagem final é dirigida no sentido de que o povo passe a agir organizado, aproveitando todas as suas potencialidades e ações, através dos sindicatos, associações operárias, ligas nos campos e nas cidades, em toda a parte, para adquirir o poder indispensável para a efetiva realização das transformações estruturais que a grande luta pela emancipação e afirmação nacional impõe. (Fim)

(Locutor diz:) Palavras do Presidente do CACB, ao microfone da Rádio Mayrink Veiga, da Rádio Piratininga, e de mais 94 emissoras brasileiras nesta homenagem ao Governador da Legalidade, Leonel Brizola. Senhoras e senhores, falará neste instante, em nome do Centro Acadêmico Cândido de Oliveira, saudando o Governador Leonel Brizola, o acadêmico Boris Nicolskyevski:

(Outra voz) Governador Leonel Brizola, senhores membros da mesa, colegas estudantes, povo do Estado da Guanabara e de todo o Brasil:

... Há poucos dias ...

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Ná poucos dias, os jornais a serviço da reação e dos interesses anti-nacionais dizem desta maravilhosa festa de hoje que aqui estariam os comunistas, os agitadores para ouvir o Governador Leonal Brincola. E aqui estamos, esta multidão, apinhada e salão, as escadarias, os corredores, as calçadas e o Largo do CACD, esta multidão de agitadores, sim, se eles assim classificam aqueles que lutam pela libertação nacional e social do nosso povo. Já foi o tempo em que as provocações daqueles que nos apunham rétules e carimbos para tentar nos fazer recuar de nossas posições, pensando que com isso quebrariam o nosso ânimo, e respondíamos com evasivas e negativas tímidas, já se foi esse tempo! Quando nos fazem hoje tais provocações, nós respondemos que, se é escuridão não aceitar este regime injusto, este regime marcado pela miséria, pela fome e pelo analfabetismo, se é socialismo querer um mundo novo no qual não exista a desigualdade e a injustiça social, se é extremismo querer que o produto do esforço do nosso povo reverta em benefício do nosso próprio povo, nós, orgulhosamente, nos proclamamos extremistas, socialistas!

Governador Leonal Brincola, V. Excia. já nos conhece, nos nossos desejos, e as nossas aspirações. Somos nós, estudantes desta Faculdade, uma pequena mas combativa parcela da mocidade estudantil brasileira, esta mocidade que acha que estudante não deve apenas estudar, que o operário não deve apenas morrer de fome, que capitalista não deve apenas enriquecer. Desta casa, desta ilha de democracia, encravada neste mar de fascismo em que tentam afogar a Guanabara, desta casa partiram bandeiras erguidas que o povo nos colocou nas mãos, e de mãos dadas com os nossos companheiros e irmãos, operários e camponeses, nós scubmos honrá-las com a coragem e o destemor que marcam a mocidade brasileira.

E porque levantamos tais bandeiras? Porque nós, estudantes, que não somos filhos de operários nem de camponeses, tomamos tais posições. É verdade, é preciso que se diga, nós aqui somos uma minoria de privilegiados -- aqui não está, nos bancos desta casa, o filho do operário, o filho do camponês. Não pode aqui estar o filho do camponês que se não morre submetido de fome morre nas mãos de latifúndio voraz, nas mãos do capataz a serviço do latifúndio. Não pode estar nesta casa o filho do operário porque dentro de poucas horas ele estará no seu casebre pobre, de marmita na mão, com o peito doente, os olhos cansados e o corpo dolorido, se preparando para vender o resto da sua força de trabalho a um próspero capitalista. É por reconhecer a profunda injustiça, a profunda desumanidade deste status-quo em que vivemos é que nós, estudantes, continuaremos ferrocemente todos os dias a levantar a bandeira da luta pela libertação social do nosso povo.

Governador Leonal Brincola, os estudantes conhecem, reconhecem e aplaudem as corajosas atitudes que vem marcando a atuação política de V. Excia. A encampação da Bandeira Negra, da Glória, Telefônica foram dois rudes golpes na dominação do imperialismo em nossa pátria. Conhecemos também a oposição de V. Excia. à Aliança para o Progresso, esta naquiescência tentativa de apagar a chama de revolta que crepita no país inteiro com uma migalha dos milhões que todos os dias nos levam.

... À V. Excia. ...

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À V. Excia., Governador Leonel Brizola, o nosso aplauso ao seu alinhamento na luta anti-imperialista e, mais que o aplauso, o nosso coração aberto, a franqueza e a lealdade de companheiros de jornada.

Temos certeza de que V. Excia., como nós, tem plena consciência da profunda desigualdade, da desumana injustiça do regime em que vivemos e não concordará, como nós não concordamos, em substituir exploradores estrangeiros por exploradores nacionais sem resolver os problemas de nosso povo. É mais profunda, mais audaciosa a mudança necessária e pela qual lutamos. Queremos a expulsão do imperialismo e a extinção do latifúndio mas queremos também que no lugar de tudo isto surja uma nova sociedade e que os meios de produção pertençam ao povo e não à minoria dos privilegiados. Uma sociedade que tenha por critério a capacidade, o mérito e a necessidade do povo e não os privilégios de herança, de classes, de injustiça social. Lamentamos a fantasia da democracia burguesa. Para toda esta jornada, que comporta tão duras batalhas, queremos tê-lo sempre como permanente companheiro. O nosso povo sofredor já desperta para lutas memoráveis, descrente de tudo aquilo que até hoje lhe apontavam como soluções, e não seremos nós que iremos trairlo, não seremos nós que iremos fazer de sua revolta um simples desabafo eleitoral. Não faremos transfusão de sangue para salvar mais esta farra eleitoral com que nos acena esta democracia de elites e privilégios.

A história já nos ensinou que o remédio para o camponês é a liga camponesa, para o operário é a liga urbana, é o sindicato, é o comitê de fábrica. Esta é o processo autêntico, é o rumo justo que conduzirá nosso povo à sua libertação nacional e social.

É certo, entretanto, que não somos cegos à realidade. Se há um Congresso de governos estaduais que podem servir de tribuna, que podem impedir ou determinar maiores ou menores violências contra o povo, nós preferimos que lá estejam os mais autênticos representantes do povo e que lá não estejam os elementos mais reacionários, a serviço dos interesses anti-populares e anti-nacionais. Daí porque nos preparamos para levar à Câmara Federal Leonel Brizola e Sérgio Magalhães; para levar ao Senado, derrotando Gilberto Marinho e Afonso Balduino, Hermes Lima e Max da Costa Santos. Para levar Miguel Arrais ao Governo de Pernambuco e impedir que o usineiro Cleofas persegua os nossos irmãos camponeses.

Esta é, Governador Brizola, a nossa presença, autêntica, leal e franca tomada de posição. Franca e corajosa e, sobretudo, sem outros compromissos senão aqueles da mais absoluta fidelidade ao povo. Somos uma geração de jovens desiludidos e inconformados. Creemos que V. Excia. também o é. E esperamos muito em breve encontrá-lo, não só à frente da luta contra a dominação dos monopólios estrangeiros, como também na vanguarda da batalha pela liquidação

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... de todas as ...

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de todas as formas da exploração do homem pelo homem com a mesma audácia, a mesma inteligência, o mesmo desassombro que fazem tremer os agentes nativos dos trusts internacionais.

Governador Brizola, nas Coxilhas dos Pampas, nas castiñas do Nordeste, nas montanhas do litoral e nas planícies do Centro-Oeste, corre, galopando célere, um corcel sem cavaleiro. Monte-o, Leonel Brizola, monte-o!

(Locutor dá o discurso em nome do Centro Acadêmico Cândido de Oliveira, saudando o Governador Leonel Brizola, na Faculdade de Direito do Rio de Janeiro.)

(Estudante recomeça discurso)

Monte e monte no lombo da história e cavalgue conosco, cavalgue conosco o tropel invencível da revolução brasileira. Leonel Brizola, em nome do futuro, em nome da história, em nome da revolução, nos saudamos esta noite! (Fim)

(Locutor dá) Palavras de Boris Nicolayevski, representando o Centro Acadêmico Cândido de Oliveira, nesta homenagem ao Governador Leonel Brizola na Faculdade de Direito do Rio de Janeiro. Senhoras e senhores, agora as estudantes e os trabalhadores e todas as pessoas aqui presentes, agora o hind nacional brasileiro. Momento de grande emoção, momento de entusiasmo, momento de patriotismo esta a que estamos assistindo na Faculdade Nacional de Direito, tendo o Governador Leonel Brizola ao seu lado o Professor Lima de Albuquerque, que é Diretor da Faculdade Nacional de Direito. Do outro lado, o Professor Francisco Mangabaira, Presidente da PETROBRÁS, o Almirante Aragão, Comandante do Corpo de Fuzileiros Navais, e outras personalidades do mundo político, do mundo administrativo, que vieram trazer a sua saudade, solidariedade ao líder do nacionalismo brasileiro, Governador Leonel Brizola. Nesta instante, vamos chamar, senhoras e senhores - Atenção, atenção Brasil, Rádio Pará do Amazonas, Maranhão de Belém do Pará, Borborama de Campina Grande, Ceará Rádio Clube de Fortaleza, Pati de Natal, Rádio Clube de Pernambuco, Rádio Sociedade da Bahia, Rádio Guarani de Belo Horizonte, Rádio Clube Paranaense, Rádio Guairacá de Curitiba, Rádio Farrópilha de Porto Alegre, Rádio Diário da Manhã de Florianópolis, Rádio Clube de Goiânia de Goiânia, Rádio Brasil Central de Goiânia, Rádio Solimões de Nova Iguaçu, Rádio Piratininga de São Paulo, constituída por 36 emissoras paulistas, Rádio Mayrink Veiga do Rio de Janeiro, comandando esta poderosa rede de emissoras nacionais, anunciam para o Brasil a palavra daquele homem que constitui a maior esperança do nosso povo, o líder do nacionalismo, Leonel Brizola!

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INR LIMA 30. *7/2/62*

RMR EMBTEL 2838 repeated Bogota 31, Caracas 25, Lima 38.

No further information forthcoming from Foreign Office which when last contacted was still awaiting advice Brazilian Ambassador Lima.

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FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 2917, JUNE 11, 5 PM

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RIO 2917

ACTION DEPARTMENT 2917, INFORMATION RECIFE 168

GILBERTO FREYRE TOLD ME TODAY THAT GOVERNOR CID SAMPAIO, ALSO IN RIO, TOLD HIM THIS MORNING THAT HE CID WAS ABOUT TO CONSULT GOULART ON UNIFIED OPPOSITION CANDIDATE TO REPLACE CLEOFAS IN PARNAMBUCO RACE AGAINST ARRAES. CID HAD A LIST OF POSSIBILITIES INCLUDING THE ARCHBISHOP OF RECIFE AND FREYRE HIMSELF. FREYRE DISLIKES THE IDEA, BUT WOULD NOT REFUSE. HE BELIEVES THAT, WITH CID'S SUPPORT IN THE INTERIOR AND HIS OWN INDEPENDENT STRENGTH IN RECIFE, HE WOULD HAVE GOOD CHANCE WINNING. ALTHOUGH HE CARRIED UDN LABEL IN 1946 CONGRESS, HE DOES NOT HAVE ANY OFFICIAL PARTY AFFILIATION.

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FROM: RIO DE JANEIRO (CORRECTED COPY)

TO: Secretary of State

NO: 2918, JUNE 11, 6 P.M.

REFERENCE: DEPTEL 3556.

JURACY MAGALHAES GAVE ME BRIEFLY THIS MORNING HIS REACTIONS ARAZA CONFERENCE (RESULTS THEREOF BEING REPORTED SEPARATELY). SAID BETTER THAN HE HAD HOPED, WITH A CLEAR CONDEMNATION IN THE DECLARATION OF THE DANGER OF BOTH COMMUNISM AND FASCISM. GOVERNOR RODRIGUES OF PIAUI AND BRIZZOLA'S REPRESENTATIVE HAD SOUGHT UNSUCCESSFULLY TO DELETE THE EXPLICIT MENTION OF COMMUNISM, REFERRING INSTEAD TO DEFENDING REGIME AGAINST ENEMIES, WHICH IN THEIR VIEW INCLUDED FOREIGN TRUSTS. THEY YIELDED GRACIALLY, HOWEVER.

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REGARDING HIS OWN FUTURE, JURACY SAID PRESIDENT HAD INQUIRED LATE LAST WEEK WHETHER HE WOULD ACCEPT INVITATION TO JOIN GOVERNMENT, NOT SPECIFYING POSITION. JURACY REPLIED THAT HE WOULD, PROVIDED PRIME MINISTER WERE SOMEONE WHOSE GENERAL OUTLOOK HE SHARED AND PROGRAM SUPPORTED BY PRESIDENT. IF CARVALHO PINTO WERE PRIME MINISTER, JURACY WOULD JOIN CABINET HAPPILY. REGARDING SANTIAGO DANTAS, JURACY SAID HE HAD GREAT RESPECT FOR INTELLIGENCE AND CAPACITY, BUT WAS DISTURBED BY INCREASINGLY NEUTRALIST TENDENCIES OF DANTAS FOREIGN POLICY AND BY DANTAS MEETINGS WITH METALLURGICAL WORKERS WHOSE LEADERS WERE URGING PREPARATION GENERAL STRIKE. HE EXPECTED TO SEE GOULART AGAIN TODAY BEFORE RETURNING BAHIA TUESDAY.

OTHER SOURCES INDICATE PSD ADAMANT AGAINST JURACY AS PRIME MINISTER UNLESS UND WILL ABANDON TRANSPORT MINISTRY, WHICH VIRGILIO TAVORA

STILL

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FROM: Rio de Janeiro

TO: Secretary of State

NO: 2929, June 12, 9 p.m.

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Foreign Minister Dantas reviewed political situation briefly with me today. He indicated great concern about right-wing campaign developed against him during European trip, and said that conservative classes showing dangerous signs hardening against concession to masses, which in turn was generating left-wing reaction. Described general strike threats as part of such reaction, rather than independently dangerous movement. (From tone of this, I suspect he has encouraged these threats, somewhat dangerous game.)

Dantas claims that Goulart now would like to name him Prime Minister. His own personal preference would be to run for Congress, but he cannot responsibly refuse nomination as Prime Minister. Regards himself as almost only man who has broad popular support, would act clearly within constitutional framework, and could successfully combat inflation. Others who have popular support are becoming exalted revolutionaries; while others who can combat inflation lack popular support. In response my question that much present talk of basic reforms is in demagogic terms without explicit content, Dantas responded that this was nature of election campaigning and that in execution he would see to it that constructive definitions were forthcoming.

Dantas claims that Goulart is being subjected to very heavy pressure against his nomination, some coming from PSD but more from extraparliamentary sources, such as conservative press and industrial and commercial circles, the latter offering cooperation with President on condition nomination

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RIO 2929

732.00/6.12.62
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JUN 13 1962

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-2- 2929, June 12, 9 p.m. from Rio de Janeiro

more conservative Prime Minister. On military side he claims broad support in ranks and files to some support among high command, including many officers disagreeing his foreign policy line, but personally friendly.

Another source told me last night that Goulart might propose Dantas' name but in firm expectation rejection by PSD or by chamber, which must confirm nomination by absolute majority (164 votes). In this event, source expected second nomination to be either Amaral Peixoto or Moura Andrade.

Dantas predicts definite resolution Cabinet issue during course next week.

GORDON

LM:RB

CONFIDENTIAL

0253

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HANDLING INDICATOR

FOREIGN SERVICE DESPATCH

732.00/6-1262

FROM : American Consulate General, RECIFE 189

TO : THE DEPARTMENT OF STATE, WASHINGTON.

June 12, 1962

REF :

JUN 12 1962

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Weekly Summary No. 17

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POLITICAL1. Ambassador Gordon Visits Recife: Alliance for Progress Agreements Signed.

Ambassador LINCOLN GORDON arrived in Recife on Sunday, June 3, for a two day unofficial visit. The purpose of the visit was to sign agreements with SUDENE and the State of Pernambuco, thus giving the Alliance for Progress in Northeast Brazil a much-needed initial push. The SUDENE agreements covered community water supply projects and health programs, while the agreements signed with the State of Pernambuco covered colonization and education projects. The projects undertaken as a result of these agreements will be of the short-term, immediate impact type.

During his two days in Recife, in addition to signing the agreements, Ambassador Gordon addressed a meeting of the SUDENE Deliberative Council, lunched with CELSO FURTADO, made a USIS book presentation to Sociologist GILBERTO FREYRE's Instituto Nacional de Estudos Pedagogicos, and dined and discussed the local political situation with Governor CID SAMPAIO. (UNCLASSIFIED)

2. Political Campaign Developments

There was good news this week for those state voters who have been unhappy with the alternatives open to them in the Pernambuco gubernatorial race. For those who found Recife Mayor MIGUEL ARRAS too close to the Communists, and Federal Deputy JOAO CLEOFAS too identified with the conservative sugar interests, a new, more acceptable candidate seemed to be emerging. For the first time, it seemed a real possibility that Cleofas might be persuaded to withdraw from the race in favor of some other candidate, possibly Secretary of Finance PAULO MACIEL. The local press fairly buzzed with rumors to the effect that Governor Sampaio had re-examined the gubernatorial race and had then called Cleofas in for "discussions." Governor Sampaio, in his talk with Ambassador Gordon and the Consul General, said that he had "laid it on the line" to Cleofas, telling Cleofas that he could not possibly win the election (contrary to what Sampaio had said confidentially only two weeks ago) and insisting that Cleofas withdraw. Maciel, in a discussion with another officer of the Consulate General, admitted for the first time that his chances of becoming a candidate now looked good although Cleofas was proving to be very stubborn.

Other names mentioned in the press as possible compromise candidates (of the UDN, the PSD, and the PTB) were Minister of Health ESTACIO SOUTO MAIOR (PTB) and JOSE NEVES (PSD), former Secretary of Interior to Governor Sampaio. Senator BARRIOS CARVALHO's name has likewise been mentioned as a possible compromise although it is most likely that he is merely trying to maintain his price for withdrawal at the highest peak.

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Countering these reports was an item in the Diario de Pernambuco which stated that Cleofas had met with Miguel Arraes to prepare a joint withdrawal from the race in favor of Federal Deputy BARBOSA LIMA SOBRINHO. Cleofas himself, however, denied that he was preparing to withdraw from the race, and described all of the current rumors as part of Arraes' psychological campaign against him.

The most influential voice in any compromise agreement—President GOULART—has yet to give the nod to the candidate he will support. It is expected that Governor Sampaio will consult with him in this matter next week. Pending a decision by Goulart, the possibility of the ESD and the UDN getting together would seem to center around either MONTEIRO or Maciel as a candidate. Maciel is a favorite of Sampaio's, thus should be acceptable to the UDN if Cleofas withdraws. He is not a member of too closely identified with the UDN, the ESD's traditional rival, thus may be acceptable to the PSD. He is young, from the middle-class, reform-minded, intelligent, and honest. Although very modest and self-effacing, Maciel is said to be one of the best orators in Pernambuco. And, since he is not a professional politician, he is capable of bearing a "new message" to the state's voters. What "new message" Maciel could or would bear to the voters is not yet known, but it should be both anti-Communist and pro-reform if he wants to play the best sides of the primary issues of the campaign.

Many things may still happen as names continue to be discussed and maneuvering continues behind the scenes. The important fact is, however, that the forces in the background have finally opened their eyes to the need for countering Arraes with a single candidate.

Also this week, Senator NOVAES FILHO (PL) surprised everyone by announcing that he would run for re-election. Most observers agree that Novaes Filho stands little chance of winning another term in the Senate, and it was generally believed that Novaes Filho concurred in this judgement. His candidacy, however, could draw enough votes to represent the difference between victory and defeat for one of the other candidates for Senator. (LIMITED OFFICIAL USE)

3. Father Melo and Juliao Debate Reforms

Of considerable interest this week was the First Seminar on Basic Reforms. Organized under the auspices of the Pernambuco Students Union, the Seminar drew such stellar attractions as Celso Furtado, FATHER MELO and FRANCISCO JULIAO. In addressing the opening session, Furtado explained his concept of a development program for the Northeast, stating categorically in so doing that Alliance for Progress assistance was a good thing and definitely had a positive role to play. Later in the week the seminar scheduled what promised to be a pyrotechnic debate

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on Agrarian Reform featuring Father Melo, Francisco Juliao, SUDENE official JADER ANDRADE, and Prof. CLAUDIO SOUTO. Actually, as all four voiced wholehearted support for Agrarian Reform, the frame of the reference left them little room to air their differences of opinion. Father Melo drew most applause and seemed to successfully overshadow Juliao. While Melo stuck to the "reforms are a must" line, however, Juliao resorted to a bid of Yankee baiting which drew more than his share of attention and press play. "While we are sitting here tonight," he warned, "there are 4,000 North American observers watching developments in the Northeast." Some press reports quoted him as saying that such observers were here to "impede the agrarian reform." (OFFICIAL USE ONLY)

Comment: If nothing else, the seminar points up the growing interest in and demand for basic reforms. Though predictions of "bloodshed in the Northeast within 90 days" unless basic reforms are enacted may be exaggerated, it is obvious to one and all that little improvement can be expected without them. As Celso Furtado recently stated to the Consul General, without basic tax reforms the Federal Government will remain virtually bankrupt, and as long as it is, SUDENE cannot hope to receive the necessary funds to carry out its program to the full. (OFFICIAL USE ONLY)

4. Francisco Juliao to be Quizzed in Secret Session of State Assembly

State Deputy FRANCISCO JULIAO, Honorary President of the Ligas Camponesas in Pernambuco, may be called before a secret session of the Pernambuco State Assembly to explain derogatory statements regarding other state deputies he reportedly made to a reporter of the German magazine Stern. According to the local press, the Stern reporter attributed to Juliao statements which accused two unidentified land-owning deputies of having beaten farm workers to death and which charged other deputies with holding frequent night-long bacchanals in a house on Boa Viagem beach. Deputy NIVALDO MACHADO has presented a motion to the Assembly which would convoke a secret session and which would require Juliao to appear and to explain the statements attributed to him. (UNCLASSIFIED)

Comment: At this moment, it appears that the motion will pass. It will be recalled, however, that the last time the Assembly was preparing to take action against Juliao (for having departed the country without the Assembly's permission) the move was called off for fear it would make a martyr of him and thus enhance his political future. (OFFICIAL USE ONLY)

5. Catholic Social Action Conference

In line with its increasingly vigorous demand for social justice in the Northeast, the Catholic Church this week staged a Social Action Conference in Petrolina. Attended by Minister of Agriculture ARMANDO

MUNTEIRO FILHO, various state and federal deputies and military officers, the conference reportedly generated new enthusiasm for the Church's social movement. It was well publicized, attended by several thousand and was generally considered to be a complete success. Its general themes concerned the need for Agrarian Reform, minimum wages for rural workers, rural unions, etc. (UNCLASSIFIED)

6. CNTI President Warns Workers of "Golpe"

DANTE PELACANI, ^{vick}President of the National Confederation of Industrial Workers (Confederacao Nacional dos Trabalhadores da Industria--CNTI) was in Recife for a few days this week. At a labor conference on June 7 he warned assembled labor leaders and workers that a "golpe" was being prepared against the democratic forces of the nation to be launched within ten days. The CNTI was well aware of this insidious plot, he went on, and was prepared to counter it by calling a general strike if the golpistas attempted to carry out their plans. (UNCLASSIFIED)

7. Presence in Alagoas of Notorious Nazi Denied

A beginning-of-the-week press report that a notorious Nazi doctor had been located in the state of Alagoas was convincingly denied by the week's end. The press initially reported that Dr. JOSEPH MENGLE, adjudged guilty of genocide at Nuremberg, had been located at the Pindorama cooperative colony in Alagoas, masquerading under an assumed name. After two days of speculation, the report was credibly rebutted by the President of Pindorama, RENE BERTHOLET, who blamed local politicians for having started the rumor in retaliation for his refusal to make campaign contributions. (UNCLASSIFIED)

ECONOMIC

1. Strikes

After 25 days on strike, a settlement was finally reached and workers of the Banco do Nordeste returned to the job this week.

Meanwhile, the local Federation of Port Maintenance workers joined its parent union in a work stoppage. In a demonstration of support, stevedores and port workers also staged a 24 hour strike on June 5. Maintenance workers are still out and stevedores and port workers are threatening to walk off again on June 20 if the maintenance workers' demands have not been met by that date. (UNCLASSIFIED)

2. Bubonic Plague Reported in Rio Grande do Norte

Bubonic plague has attacked the town of Melão in Rio Grande do Norte, according to a Meridional wire service report datelined Natal.

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The report stated that ten persons had been stricken and that three of these had already died. (UNCLASSIFIED)

Comment: This report is unconfirmed. Veteran readers of the Brazilian press will await confirmation before becoming alarmed. (OFFICIAL USE ONLY)

PSYCHOLOGICAL

Taking Ambassador Gordon's visit and the signing of agreements for the Northeast as a cue, the Jornal do Comercio this week eulogized the Alliance for Progress as a "new hope for Brazil, especially for the Northeast, the region that is the center of most immediate pre-occupations." The Jornal found the Alliance to be "objective and stimulating", and stated that "contrary to popular criticisms," the Alliance "attacks the causes of local problems," not only the effects.

"The examples of Cuba and Venezuela show clearly the destiny that awaits us if the grand treason of the center elite in the face of the Red onslaught ~~continues~~" said the Diario de Pernambuco this week in another outspoken editorial on the decaying political situation. The Diario's analysis laid the blame for Communist advances in the country at the feet of "treasonous" politicians of the center and the right who "continue to defraud true democracy," ..., divorcing themselves from the aspirations of the masses, and denying the masses the realization of a system of sound social justice." In the face of the enemy of the extreme left, the Diario charged, these same elements follow the suicidal and cowardly practice of capitulating, and attempting to buy impunity from future retaliatory measures. The Diario lamented that "it seems a waste of time to warn this army of fools that they are digging their own graves."

In another editorial, entitled "Marvels of Socialization", the Diario de Pernambuco referred to recent articles in O Estado de Sao Paulo on the unhappy plight of agriculture in the Soviet Union. Pointing out that forty million farmers in the Soviet Union produce less than five million farmers in the U.S., the Diario commented that the Soviet Union's agricultural difficulties were a result of attempting to force socialization upon the nation's farmers.

Eugene Delgado-Arias
Eugene Delgado-Arias
Consul General

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HANDLING INDICATOR

732.00/6-1362

FOREIGN SERVICE DESPATCH

FROM : Amoenen SAO PAULO

303

TO : THE DEPARTMENT OF STATE, WASHINGTON.

June 13, 1962

REF :

JUN 13 1962

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PSYCHOLOGICAL:

1. Local Press Reaction

POLITICAL

1. KISSINGER Hears Predictions of Crisis

Professor Henry A. Kissinger's visit to Sao Paulo created an unusual opportunity for an American official to call on-- and ask pointed questions of--many of the top Paulista politicians. (Separate memoranda are being submitted.) Most of the political figures he saw were deeply worried over the "crisis of confidence" caused by the lack of an effective national government. Some went further, predicting a crisis of

See last page/cz

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DEPARTMENT OF STATE
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JUN 18 1962

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substance before the October elections. The existence of a leftist "manifesto" was mentioned more than once, but neither its terms nor its supporters were made clear. Some thought that President GOULART would encourage and then try to take advantage of leftist agitation to assume emergency powers and recoup the strength of the Presidency; others guessed that the military would react with a coup. One informed source thought that the situation would heal itself if a capable and moderate Prime Minister were chosen.

Professor Kissinger's talks with two gubernatorial candidates (Adhemar de BARROS and José Bonifácio Coutinho NOGUEIRA) confirmed the Consulate General's belief that each of the "big three" (the other being Jânio QUADROS) is running scared. José Bonifácio seemed more worried than Adhemar. (CONFIDENTIAL)

Comment: There have been several rumors and press reports of a "leftist manifesto." CAS confirms its existence. On the other hand, the known radical leftists have so far shown neither the talent to draft a convincing program of action nor the cohesiveness necessary to carry it out. The whole political atmosphere, too, magnifies rumors and scares. But the tremors felt by Professor Kissinger were too strong to be overlooked, though they did not follow a clear pattern. (CONFIDENTIAL)

2. CARVALHO PINTO Offered Prime Ministry Again?

When Governor Carvalho Pinto was suddenly called to Brasília on June 7 for a conference with the President, São Paulo observers thought he would be offered the Prime Ministry. (It is known that he turned down the office when it was offered to him during the post-Quadros crisis.) On his return, however, the Governor told the press that he had not been "invited" to form a new cabinet. (UNCLASSIFIED)

Comment: Carvalho Pinto's wording does not rule out the possibility that he was informally asked whether he was available. Deputy Herbert LEVY, President of the National Democratic Union (UDN), says he has definite information that the President intended to make the offer. Mr. Levy hoped that the Governor would accept and attached great importance to his doing so. Whether or not his information is accurate, the Consulate General believes that at least three separate considerations would make Carvalho Pinto's acceptance of the Prime Ministry unlikely:

(a) The Governor has repeatedly claimed that he would carry out the last day of his São Paulo mandate. This is intended in part as a slap at Jânio Quadros, who is accused of seldom finishing a term in office. The promise would be awkward to retract.

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Disp. No. 303
From São Paulo

(b) More importantly, the Governor seems to consider it his first responsibility to see José Bonifacio Nogueira elected his successor--and the job looks tough. Carvalho Pinto would be reluctant to get out of the campaign and release the reins of State power in this predicament.

(c) Right from the beginning, Carvalho Pinto would be a "lame duck" Prime Minister with no assurance of staying in office under the new Congress. His power base and prestige would shrink drastically if his candidate lost the gubernatorial election.
(LIMITED OFFICIAL USE)

3. DANTAS Speaks in São Paulo

Foreign Minister San Thiago Dantas came to São Paulo last week to receive an "honorary citizenship" awarded by the Municipal Chamber (on a motion by Communist City Councilman Rio Branco PARANHOS). During his visit, as usual, he spoke lengthily, frequently, fluently, and extemporaneously. His policy of "independence," he said, was intended to defend two great Brazilian traditions: pacifism and self-determination. Rather than take a rigid position between two blocs (like neutralism), it favored the most constructive stand on any issue, regardless of authorship. The Brazilian position intended to further a peaceful co-existence in which "the qualities of the representative democratic system will soon become evident and will soon reveal to all men that the most perfect of the techniques of governing belong to this system."

The leftist and Communist press (plus Goulart-controlled Correio Paulistano) praised the Foreign Minister, but most of the rest criticized him sharply. This portion of the press was especially displeased with rumors that Dantas was to be the next Prime Minister. (OFFICIAL USE ONLY)

Comment: Despite the automatic centrist and conservative disapproval, Dantas' words seemed more moderate and elucidating than during previous performances. Students of the Catholic University Law School, who were host to the Foreign Minister during a portion of his visit, inform the Consulate General that Dantas seemed intent on decreasing the opposition of conservative São Paulo circles to his acceptance of the Prime Ministry. It did not work out quite that way. São Paulo "honorary citizenships" are awarded so indiscriminately that they mean little. Dantas' habit of speaking without printed text greatly reduces press coverage of his talks. And São Paulo opposition has jelled too hard to melt with the first warmth. (LIMITED OFFICIAL USE)

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From São Paulo

4. PTN Nominates Jânio

Jânio Quadros has finally been nominated for the São Paulo Governorship by a strong local party. The National Labor Party (Partido Trabalhista Nacional--PTN) approved his candidacy "by acclamation" on June 9. The nomination was reportedly shouted through a convention packed by the Janista party officers, without giving a strong dissident wing the chance to speak in favor of José Bonifácio Nogueira.

Fauze CARLOS, State Secretary of Health, was nominated for Vice Governor in spite of the Janista preference for José Vicente de Faria LIMA. Neither Fauze nor his brother Emilio CARLOS, a dominant PTN figure, was present at the convention. (UNCLASSIFIED)

Comment: Jânio might have won even in a democratic convention, but by an uncomfortably small margin. The flagrant rail-roading by his supporters aggravated an already serious internal quarrel, encouraging a deep party split. It is common in São Paulo for dissidents to campaign against their parties' candidates. In this case, the dissidence is important and organized.

Fauze Carlos is believed to have been approved only at the adamant insistence of brother Emilio, who has shown increasing irritation with Quadros. But without State government support--now clearly impossible--Fauze is a weak candidate and another source of party friction. Administration preference will probably now fall on Laudo NATEL of the Republican Party (PR), a banker and football official whose most serious opponent looks like Faria Lima. (LIMITED OFFICIAL USE)

5. MTR Rounds Out Quadros' Party Support

The new Labor Renovation Movement (Movimento Trabalhista Renovador) nominated Jânio Quadros for Governor in a quiet convention on June 9. (UNCLASSIFIED)

Comment: This is the last of the parties now inclining toward JÂNIO. The coalition behind him (MTR, PTN, PL) is very minor league, but lack of massive party support has not been an obstacle to Mr. Quadros in the past. Additional support would help; what he has is enough to keep him strongly in the running.

The calmness of the convention would seem to confirm rumors that Quadros had reached an operating agreement with Fernando FERRARI, organizer and leader of the MTR. On the surface, this agreement would seem to reduce the chances of Quadros' coming to terms with Rio Grande do Sul Governor ERIZOLA, whose chosen successor is opposed by gubernatorial candidate Ferrari. (LIMITED OFFICIAL USE)

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From São Paulo

6. Parties Urged to Speed Nominations

The Regional Electoral Court has made a special appeal to São Paulo political parties, asking them to hurry their nominations for legislative seats. Not a single party has yet presented a complete slate of candidates either to the Federal Chamber or the State Legislative Assembly. (UNCLASSIFIED)

Comment: The Consulate General could add a fervent amen to the Court's plea. Elections are drawing nearer, and it is rather difficult to report on the candidates until they exist. The politicians' preoccupation with the Governorship race has been such that the others are apparently even more neglected than usual. (OFFICIAL USE ONLY)

7. Campaign for Single Ballot Gathers Steam

A number of São Paulo civic organizations--student, ladies, religious, labor, and political--have launched a "National Movement for the Single Ballot." Important papers are giving the movement intensive publicity. They criticized Senator João VILLASBOAS of Mato Grosso for speaking in Brasília against the single ballot. (UNCLASSIFIED)

Comment: Electoral reform is indeed urgently needed in populous São Paulo, and the growing pressure of public opinion is a healthy sign. The Consulate General is inclined to think that the institution of a system of electoral districts is of first importance, but the single ballot is a more easily obtainable step in the right direction. (OFFICIAL USE ONLY)

8. Attempt at Alliance of Two Democratic Labor Groups Fails

Recent talks between leaders of the Democratic Union Movement (Movimento Sindical Democrático - MSD) and the Union Renovation Movement (Movimento Renovador Sindical - MRS), regarding possible alliance or even unification of the two anti-Communist groups, broke down after a tempestuous meeting on June 5. The talks began in mid-April and continued after the death of Geraldo MAYER, principal MRS leader, on April 22 (see Weekly Summary No. 17). Tentative agreement had already been reached on issues such as the union tax (imposto sindical) which had previously divided the two groups. (MRS wanted abolition of the tax while many MSD leaders wanted continuation; compromise solution: gradual abolition over a two year period.) However, just prior to the June 5 meeting the MSD leaders were enraged by recent attacks upon them in the MRS newspaper. During the meeting the MSD group unearthed their oft-repeated but temporarily buried accusations that the MRS leaders were "Trotskyites," while the MRS group called the MSD leaders "pelegos" (corrupt government-backed labor stooges).

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From SÃO PAULO

The meeting almost degenerated into a fist-fight, and left the two groups as far apart as ever. (LIMITED OFFICIAL USE)

Comment: Mayer's successors in the MRS leadership seem to be divided among themselves, and since his death MRS funds and activities have been cut back sharply. This apparently led one faction of MRS leaders to press forward with Mayer's initial efforts for some sort of alliance with the larger MSD. A second, dominant faction did not want its control diminished and was probably responsible for the publication of the attacks on the MSD which provoked the break in the talks.

Judging by the short-lived MSD-MRS flirtation, the chances of achieving unity of action, if not of organization, among the various São Paulo non-Communist labor groups appear doubtful. (LIMITED OFFICIAL USE)

9. Many São Paulo Students Invited to Youth Festival

A number of students invited to attend the "Eighth World Youth Festival" in Helsinki have sought out Consulate General officers. One reports that there will be three hundred in the Brazilian delegation. Some have been asked to make a free trip to Russia after the Festival. Many of the students are apparently legitimate leaders without Communist inclinations. (UNCLASSIFIED)

Comment: The Youth Festival is obviously a major movement of the Soviet cultural offensive in Brazil. (OFFICIAL USE ONLY)

PSYCHOLOGICAL

1. Local Press Reaction

BRAZIL: a) Criticism of the Government - b) The future cabinet - c) Foreign Policy - d) Governors' meeting in Araxá. "Deterioration of the Principle of Authority," according to Folha de S. Paulo, "is the number one problem of Brazil." This opinion is generally supported by other important newspapers of this city, notably O Estado de S. Paulo which commented: "The prestige of governmental authorities is declining day by day . . ." President João Goulart and other members of the Brazilian Labor Party were severely criticized and accused of being allied with the Communists in the final stage to change Brazil into a "Syndicalist Republic."

Concern over the renewal of the Brazilian cabinet was reflected in the São Paulo press which felt that the "delicate instant" of the nation's life and its immaturity "made it impossible for Brazil to withstand the ascents and descents inherent in the (Parliamentary) System." The possibility of this second cabinet

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being replaced after the October elections leads editorialists to conclude that the imminent cabinet shift will have a "temporary character" unsuited to the country's present situation.

Foreign Minister San Thiago Dantas and Brazil's foreign policy continued to be bitterly attacked by the press with the exception of Ultima Hora which corroborated Dantas' statement that whoever its members may be, the new cabinet will maintain the country's present foreign policy. Minister San Thiago Dantas was also criticized by O Estado de S. Paulo for his participation in several union meetings, principally the Rio meeting, during which the president of the National Confederation of the Industrial Workers urged its members to promote a general strike in the event of a rightist coup. "The presence of the Minister," said O Estado, "is very interesting and very elucidating."

The governors' meeting in Araxá, State of Minas Gerais, was variously interpreted. Some papers condemn it as being a meeting "without content," despite the "good intentions" of the governors in offering solutions to the problems of Brazil; others claim that its main purpose is to "smash Parliamentarianism." O Estado de S. Paulo affirmed that "nothing practical can be expected from it," while Folha de S. Paulo opined that "it can be very useful and constructive."

Hunger in the Communist World. The present food crisis in the Communist world, as well as the related attacks of Prime Minister Nikita KHRUSHCHEV against the European Common Market, were extensively featured by editorialists. The situation in Cuba, in East Germany and principally in Red China and the Soviet Union was qualified as evidence of the "failure of agriculture under the Marxist-Leninist system," and as "proof of the inefficient organization that the Communist states offer to the world." News released by Pravda that the Russian people supported the increases ordered by the Soviet Government was ironically commented upon by the São Paulo press. "Rise of prices in Russia causes satisfaction. . ." A Gazeta said. Folha de S. Paulo qualified Khrushchev's attacks against the Common Market as a proof that "European prosperity under an economy based on the principles of free enterprise is the best antidote for Communist preachings."

LATIN AMERICA: 1) Situation in Argentina - 2) Uprising in Venezuela - 3) Election in Ecuador - O Estado de S. Paulo, analyzing the present political situation in Argentina, emphasized the existence of a parallel between conditions in Argentina and Brazil and supported the military coup which overthrew Frondizi. "The similarity is startling. What occurs in that country (Argentina) will happen in Brazil very soon," the paper predicted. O Estado and Correio Paulistano charged Communists and Castroists

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Disp. No. 303
From SÃO PAULO

with the responsibility for the uprising of Puerto Cabello against the Venezuelan government. "Communism in Latin America, changing its strategy, is now acting directly," claimed O Estado Diario de S. Paulo, on the other hand, stressed the meaning of the results of the recent elections in Ecuador. "Electorally, the Reds are insignificant in Latin American countries," the paper said.

Daniel M. Braddock
Daniel M. Braddock
Minister Consul General

Contributors:
DCProper
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GFasoli

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AIR POUCH **CONFIDENTIAL**
FOREIGN SERVICE DESPATCH

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732.00/6-136
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FROM : Amcongen São Paulo

308
 NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

June 13, 1962
 DATE

REF :

JUN 15

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SUBJECT: Meeting of American Businessmen with Governor Carvalho Pinto

Last night a group of local American businessmen including Mr. John S. Richards, President of RCA Electronics Brasileira S. A. and President of the American Chamber of Commerce (São Paulo); Mr. Howard I. Mason, Vice President and Director of Anderson, Clayton & Cia. Ltda; Mr. Walter H. Gússenhoven, Managing Director of General Motors do Brasil; and Mr. Thomas O. Dógett, Director-Superintendent of Alba S. A. called on São Paulo Governor Carlos Alberto Alves de Carvalho Pinto at the Governor's request. The Governor talked with them frankly and informally. He said he had asked them to come in because he wanted to reassure them regarding the general situation in Brazil, as he felt that some of the current reports were unduly disturbing. He felt that the transition involved in the appointment of a new cabinet would be surmounted successfully and intimated, without saying so directly, that he did not think the new Prime Minister would be San Thiago Dantas (although this is the name most frequently mentioned in the press). The Governor said he knew the American companies were all concerned at the action of the Government in the recent petrochemical workers' strike in Cubatão, and he regretted that the Government had had to put pressure on the companies to reach a solution acceptable to the workers but that he had seen no alternative. With respect to the possibility of further labor trouble at Cubatão before October, Governor Carvalho Pinto said that unfortunately the State Government had no control over labor unions although it was of course responsible for the maintenance of law and order.

For the hope expressed by one of the businessmen that Carvalho Pinto might himself take prominent part in the Federal Government, the Governor answered that he considered that the greatest service he could

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From São Paulo

perform for Brazil at present was to do his utmost to insure a good Government in the key State of São Paulo through the election of his candidate José Bonifácio Coutinho Nogueira. He said that it was of great importance that Janio Quadros not be elected since Janio had proved himself to be not only unstable but also dangerously leftist. For Adhemar de Barros, the Governor had no regard whatsoever. He believed José Bonifácio would make a good Governor but admitted that as a candidate he lacked "color".

As for his plans after the election the Governor said only that he was very tired and intended to take a good rest, and that he was not a professional politician.

The foregoing was told me today at luncheon by Mr. Gussenhoven.



Daniel M. Braddock
Minister Consul General

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TO : THE DEPARTMENT OF STATE, WASHINGTON.

June 13, 1962 DATE

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SUBJECT: Memoranda of Conversations Between Professor Henry A. KISSINGER and S&O Paulo Officials

Enclosed are two Memoranda of Conversations between Professor Kissinger and 1) the Mayor of S&O Paulo, 2) the President of the S&O Paulo Legislative Assembly.

Daniel M. Braddock
 Daniel M. Braddock
 Minister Consul General

Enclosures: *1 att*
 As stated.

DEPARTMENT OF STATE
 BUREAU OF
 INTER-AMERICAN AFFAIRS
 JUN 20 1962

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Page 1 of 1
Encl. No. 1
Disp. No. 298-489
From São Paulo

MEMORANDUM OF CONVERSATION

DATE: June 6, 1962

PLACE: Mayor's Office

SUBJECTS: City's Financial Problems,
Relations with Governor,
Gubernatorial Elections.

PARTICIPANTS: Dr. Francisco Prestes MAIA, Mayor of São Paulo
Dr. Henry Kissinger
Datus C. Proper, Political Officer, AmCongen, São Paulo,
as interpreter

Copies To: Dr. Kissinger
ARA (lcc) by Pouch
INR (lcc) by Pouch

1. The Mayor looked a bit sleepy, but he perked up quickly when Professor Kissinger expressed an interest in the financial problems of the city of São Paulo. Mayor Maia gave a detailed analysis, blaming two things: (1) the incredible corruption of his predecessor in office (Adhemar de BARROS); and (2) the failure of the city's tax base to keep pace with the spiraling inflation.

2. When asked why the State Government did not help him out of the financial squeeze, the Mayor said that while his personal relations with Governor CARVALHO PINTO were the best, the Governor was reluctant to strengthen such a potentially important political rival as the Mayor of the capital city. (Comment: The Mayor very likely owed his election to the support of the Governor, and he does not impress most observers as being able to furnish any electoral competition to Carvalho Pinto.)

3. Professor Kissinger asked who the Mayor was supporting in the gubernatorial race. Mr. Maia did not seem to be boosting anyone. Janio Quadros would probably be total disaster, he said. Adhemar de BARROS--characterized as a "gangster" by the Mayor--would make a million dollars out of his term, but that would be preferable to what Janio might do. Administration candidate José Bonifacio Coutinho NOGUEIRA was a "nice kid." ("bom moço"), but he had no chance of winning against the two old pros. José Bonifacio's face, personality, and wealthy family connections were all handicaps, said the Mayor. Moreover, the Governor had "pulled José Bonifacio out of his vest pocket," which did not please the public. The Mayor thought that a more mature and established public figure would have been better (such as, perhaps, the Mayor?).

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Desp. No. 208-89
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Comment: The extent to which the Mayor seems to be trying to undercut the Governor came as a surprise. One gets the impression that Mr. Prestes Maia finds José Bonifacio's gubernatorial candidacy a sour grape.

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End. No. 2
Disp. No. 298-289
From: São Paulo

MEMORANDUM OF CONVERSATION

DATE: June 6, 1962

PLACE: São Paulo Legislative Assembly

SUBJECT: Alliance for Progress Aid

PARTICIPANTS: Maria da Conceição da COSTA NEVES, Acting President,
São Paulo Legislative Assembly
Other State Deputies
Dr. Henry Kissinger
Scott C. Lyon, Executive Officer, AmConGen, São Paulo
Datus C. Proper, Political Officer, AmConGen, São
Paulo, as interpreter

Copies To: Dr. Kissinger
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Miss Costa Neves made a number of friendly criticisms of the Alliance for Progress, but she never made clear just what she was getting at. In one breath, she (and a coterie of Deputies who seemed to agree with her) said the quantity of publicity surrounding the Alliance made it seem too much like a charity; in the next, she believed that the United States ought to step up its information services to counteract the propaganda of the Communists. She thought we should be more concerned with emergency social relief, but she also held that the Alliance should emphasize investments in basic sectors of the economy. It was necessary to be meticulously careful that Brazilian politicians did not pocket aid money for themselves; it was also necessary to have a grand plan at the national level and not to get involved in negotiating Alliance aid with local authorities.

Comment: Miss Costa Neves and associates seemed to be trying--not very coherently--to repeat ex-President Kubitschek's recent criticisms of the Alliance. The São Paulo Deputies' comments should not in themselves be taken as much cause for concern.

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FROM: Recife
 TO: Secretary of State
 NO: 409, June 13, 5 PM

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Recife 409

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ACTION RIO DE JANEIRO 342, INFORMATION DEPARTMENT 409.
 Weekly Summary.
 Pernambuco gubernatorial race again in state of flux as anti-Arraes forces now recognize need join together behind single candidate. Governor Sampaio making determined effort force Cleofas withdraw, and re-elect compromise candidate who might reconcile PSD, PTB and UDN, but Cleofas bravely resisting. Paulo Maciel, Secretary of Treasury and Minister of Agriculture Armand Monteiro Filho (PSD) are also under consideration. Name of sociologist Gilbeyzo Freyre has also been mentioned but slight possibility his election. Some strong indications Monteiro-Maciel compromise slate may evolve, but Consulate General believes final decision may not be reached much sooner than July 7 deadline.

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FOREIGN SERVICE DESPATCH

FROM : AmEmbassy RIO DE JANEIRO

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NO.

June 15, 1962
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TO : THE DEPARTMENT OF STATE, WASHINGTON.

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SUBJECT: Brazilian Election Report No. 10: "Juliao Denounces the Electoral Farce"

On April 21, 1962, Pernambuco State Deputy and Ligas Camponesas (Rural Leagues) leader Francisco Juliao spoke in Ouro Preto, Minas Gerais. Under the headline of "Juliao Denounces The Electoral Farce," the Politica Operario, a monthly leftist labor newspaper, published the complete text of his speech in its May issue. The speech was perhaps not as sensational as the newspaper headlines implied, but it is important as (1) a further insight into the potential revolutionary leader's basic philosophy and his present thinking, and (2) a typical example of the criticism now being made by leftist leaders of the Brazilian electoral system. Pertinent quotes to illustrate these points are incorporated in Enclosure Number 1 to this despatch.

Two days after Governor Leonel Brizzola of Rio Grande do Sul delivered his dramatic call to arms against the Yankee imperialists on May 22, (AmEmbassy Rio Despatch 994 of June 8, 1962,) Francisco Juliao was the featured speaker at the same place (National Law School at Rio de Janeiro) and same occasion ("Caco" - 46th anniversary of the Academic Center Candido de Oliveira). Although Juliao occupied the speaker's podium for two hours, most of the time was consumed by a question and answer period with the students after a short speech regarding agrarian reform. During this session he noted that he would be willing to divide his 45 hectare plantation among the landless peasants if the large landowners would surrender 30% of their latifundia and the Church would donate 50% of its land holdings. He also reiterated his belief "that if Christ were alive today, he would be on the side of Mao Tse Tung and Fidel Castro."

COMMENT:

It was interesting to note that in both speeches the only Communist leader of the USSR with whom he identified himself was Lenin.

POL:ETWalters:sh
REPORTER

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DEPARTMENT OF STATE
BUREAU OF
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Encl. No. 1006
Disp. No.
From Rio de Janeiro

occasion), whereas there were frequent eulogies of Chinese Communist leaders and Fidel Castro. His rumored difficulties with the PCB (Brazilian Communist Party) may also help explain the notable lack of a large and enthusiastic audience in Rio de Janeiro. In comparison with the Brizzola evening, the Julião affair was reported sparsely attended and phlegmatic. During the past 18 months, Julião has spent less time in the Northeast than he has in the rest of Brazil; part of the time was spent in Rio de Janeiro for medical treatment but most of it has been spent in promoting the Ligas Camponesas into a national organization. Perhaps because of this continuing exposure, Julião has lost some of his glamour as the leader of the new rural revolution among the student groups. His message is no longer so startlingly exciting, and it has been worn a bit thin with repetition. A recent public opinion poll conducted in Rio de Janeiro and sponsored by the Jornal do Brasil reflected that 66% of the people consider him an enigma, not knowing how to classify him, while 16% see him as an authentic leader of the rural masses, and 18% believe he is an opportunist capitalizing upon the economic and social problems of the Northeast for his own political gains.

Despite his denunciation of the Brazilian electoral process, Julião is a PSB (Brazilian Socialist Party) candidate for the Federal Chamber. It is a foregone conclusion that he will better the weak voting record he established as a candidate for the State Legislative Assembly in 1958 when he won office only because of the votes attracted by his running mates on the PSB ticket. (He actually garnered less votes than many of the defeated candidates of the larger parties.)

Whereas Julião squeaked through, another presently popular leftist politician was not so fortunate and was defeated in his bid for federal deputy in 1958. This man is the present Mayor of Recife, Miguel Arraes, who is now the leading candidate to be the next Governor of Pernambuco. Among the Brazilians who know them both, Miguel Arraes is generally considered to be the more capable and the more dangerous of the two as a radical leftist leader, despite the more fertile field of action and influence possessed by Julião as the leader of the rural reform movement.

Last month the Brazilian press carried photographs of Julião's wife, Alexina Lins Crespade Paula, and his two attractive daughters during an audience with Premier Chou En Lai in Peking during their visit to China (Julião did not accompany them). Sra. Julião has often been described as a strong Marxist and probable Communist; her influence over her husband is purportedly a strong one, although Julião follows the Brazilian habit of keeping a mistress (his former secretary), Maria Ceares Barreto Novais, also pro-Communist, who is now employed by SUDENE - the Superintendency of the Development of the Northeast.

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Attached, as Enclosure Number 2, is a CAS summary of the man, Francisco Julião, and his movement, the Ligas Camponesas.

For the Ambassador:

Enclosures: As described

1 att

Approved by:

Niles W. Bond
Niles W. Bond
Deputy Chief of Mission

for Edward T. Walters
Edward T. Walters *P. N. Sean*
Second Secretary of Embassy

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Excerpts from a Speech Delivered by
Pernambuco State Deputy Francisco Julião, at Morro da Queimada,
Vila Rica do Ouro Preto, Minas Gerais on April 21, 1962

"... If I see today the Ligas Camponesas already founded in sixteen Brazilian states and feel their prestige already beyond our frontiers and the oceans, it is because they reflect the most legitimate aspirations of 200 million Latin-Americans sacrificed by the insatiable gluttony of imperialism and by the limitless cruelty of the latifundia... Only one country of the American continent is building a new society, a socialist society, having as a base the dignity and the justice that the others, including the U.S., do not yet know. I refer to Cuba. For this reason I defend the glorious revolution of Fidel Castro and recommend that you read and follow the teachings of the Second Declaration of Havana of February 4, 1962. ... It is the constitution for Latin America in this phase of history and for our battles for economic emancipation.

"... (In the fight for agrarian reform) I traveled abroad, twice to the USSR.. once to the China of Mao Tse Tung, much more Christian than the countries of the West that call themselves Christian, three times to Cuba, the only territory of the American continent free of imperialism, of the latifundia and of illiteracy, ... and once to Uruguay..

"Today ... I reaffirm my status as a simple social agitator, a title which I would be proud to hold in the history of our country. A social agitator . . . who places before the people for open debate the fundamental questions . . . (such agitators were Moses, Jesus Christ, Saint Francis of Assisi, Saint Anthony, Abraham Lincoln, and Joaquim Nabuco.)

"(Traveling and meditating)... I reached a melancholy conclusion: that the elections, as they are carried out, and democracy, as it is practiced, in the 'Christian' West, is nothing more than a crude farce, a mystification, an enticement, an injection of morphine to lull the holy wrath of the people ... less than one fifth of our population voted in the last election ... because the illiterate does not vote in a country not ashamed to show a rural population 90% illiterate and a nation 70% illiterate ... Also excluded are the soldier and the sailor ... This does not arise from the people but from a plot made by the joining of people and groups interested only in their own destiny. These are the (political) parties. When, by chance, a candidate emerges from the masses, he has to pass through the sieve of the parties, adjusting to their demands, hiding his ideas, deforming his conscience, lying to the people. Elected, he discards the campaign program, because he is a man committed to the scheme of the forces and interests (of the parties). ... And behind the parties... pulling the strings, are the forces that hold the economic power.

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"Who are those forces? The landowners, the large industrialists, the bankers, the middle-men, and, above all, the American imperialists. These are the forces that control the Parliament, where the laws are made. Their law ... Most of our population is not represented in Parliament nor in the state assemblies: ... the landowner legislates for the peasant, the banker for the housewife, .. and the imperialist for our nation, a country that he plunders mercilessly, as he does in Amapa with the manganese, and through the 400 other companies .. which are supported by the blood, the sweat, and the tears of millions of Brazilians.

.....
"But it is not only the Northeast that possesses misery. It's all the country. Feudalism exists everywhere ... Our civil law is deathly sick. It is decrepit ...

"But the latifundia also comes to the city. It is the soul of the captain of industry that brings feudalism to the factory. In Brazil, nearly all industrialists are latifundists ... (They resist) agrarian reform although this is the only way of creating a strong internal market and saving them from external pressure. He (the industrialist) prefers to allow himself to be eaten in silence by the imperialist, as the wildcat does with the alligator ... And so he remains with the 'Alliance For Progress.'

.....
" ... The industry of anti-Communism is already at work with its bountiful propaganda. To support itself, a treasury of billions is set up, an alliance of the small minority of the powerful against the large majority of the common people, the 'holy family' is united, the propaganda reports mystify the masses, firing at them the most audacious words, rivers of money flow, the nation is agitated: all in order for this mountain to give birth to a rat. The comedy continues to be repeated. The magician changes his style, his gesture, his words, but the top hat, formerly worn by Portuguese colonialism, is today in the hands of Uncle Sam.

"Pan-Americanism, Good Neighbor Policy, Monroe Doctrine, Truman Doctrine, Marshall Plan, Alliance For Progress, Food For Peace, words, panaceas, ... all this to hide the plundering of the riches that doesn't end, the remittance of profits that is not checked, in exchange for loans that don't industrialize but serve as indemnity for the scrap metal of the telephone and electric companies ...

"For these last minute 'saviors,' the 'Christian family' is the one that lives in a palace, rides in a Cadillac and is the owner of the land, the cattle, the banks, the industry, the commerce, the rich jobs, and the life of the people. The Christian family is not the one that lives in the slums ...

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"Brazil, Christian country, has land in excess but there is no excess for the millions of peasants ... Brazil, a Christian country, has magnates realizing profits up to 9,000% from their capital invested which is multiplied with the speed of plague germs and at the same time these germs kill ... those who make the miracle possible ...

"... The salary, that inflation devours, is no longer sufficient to buy the bread that is no longer ours, but is theirs, that is, the wheat trust's. Liberty in this Christian country consists in not touching the privileges of the ruling class. Human dignity in this Christian nation, is measured by the bank account, the acreage of land, the heads of cattle, the factory chimneys, the high posts, and the number of genuflections in front of Mr. Kennedy.

"I confess to you ... that I would be glad to mourn at the graveside of this democracy that fattens the racketeer and starves the people to death ... gives foreign capital ample liberty to monopolize the riches of the country and even facilitates its foreign flight ... Even the right of the Communist Party to register candidates under its own party ticket, as is done in the Catholic Italy of that likeable and charming peasant Pope John XXIII, is denied with no justification ...

"... How much does a Deputy earn? ... No one knows. ... Inflation does not bother him since in order to increase his own wages the Deputy does not have to go on strike ... The Parliament drinks iced tea, ... tells spicy jokes, amends the budget, discusses the internal rules, and since this is very tiring, goes on vacation from time to time. This is the Parliament that we have. The next one will be worse. Not even Brizzola, nor Sérgio Magalhães, nor Barbosa Lima Sobrinho, nor Aurelio Vianna, nor Celso Brant, nor Naiva Moreira, nor Clidonor Freitas, nor Almino Afonso, nor José Joffily, nor Andrade Lima Filho, nor Temperani Pereira and a dozen more patriots will be able to save it if they return there again. It is that these few will be crushed by the compressor of the latifundia, the bankers, the Christian family that forms the oligarchy dominated by American imperialism, the Alliance For Progress, Food For Peace, the Common Market, the O.A.S., and other plots against the people and against the nation.

"Because of all of this I have a troubled conscience. I ask myself: will the elections resolve the problems of the people or only those of the Christian family? I, being a man of the left, a convinced Socialist who attempts to give all his time, experience, and enthusiasm to the cause of the humble, certain that there will not be peace, or justice, or dignity, as long as one man exploits the other and one strong country plunders a weaker one, I confess my disenchantment for representative democracy as it is practiced here in Brazil. I do not believe that the salvation of my country can come from the polls ... It (salvation) will come ... from the anguished masses, from the peasant without land ...

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"I can not, I ought not, I do not want to participate in this farce. Unless it would be to denounce it. But - this my conscience tells me - my patriotism demands it ... that I participate in the election even though the people do not yet possess sufficient strength to terminate this farce. The essential thing is that we no longer encourage the illusion that your problems will be resolved at the polls as long as representative democracy is to be that which is here now. For this reason ... I invite you to build together with me a new society that will be like the light of sunrise, like the song of the bird, like the tree that yields fruit, like a Mother's face, and nevermore, nevermore, a rotten grave, a bandit's lair, an extended hand, an auction of slaves, a Roman banquet ..."

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Francisco Julião and the Peasant Leagues

Julião's rise to prominence started in 1956, ten years after the movement of which he is generally credited to be the founder had its beginnings. The Peasant Leagues were founded in 1946 and developed as another generally weak and ineffectual, among other generally weak and ineffectual agrarian movements in Brazil, until Julião took control of the League in 1956. His parents were reasonably wealthy landholders in Pernambuco, the family holdings amounting to approximately 620 acres. As a lawyer in Recife from 1950 onward he was associated with a series of Communist infiltrated or Communist sponsored front groups though he was never and is not now a member of the Communist Party.

In the few years that he has headed the Peasant Leagues in Pernambuco and the adjoining state of Paraíba, he had built the organization, which is also called Pernambuco, the Agriculture and Cattle-Raising Society of the Planters of Pernambuco, into an organization of about 25,000 members with 10,000 in Pernambuco and 6,000 in Paraíba. Julião publicly claims the Peasant Leagues have close to 80,000 members but in so doing is either including most of the relatives of the members in Pernambuco and Paraíba or else including the members of other peasant organizations, such as that headed by Jose Porfirio in Goiás. In Pernambuco the Leagues are broken down into 57 separate units each with a membership varying from 20 to 800. In other areas of Brazil, Julião has had limited success, claiming 14 leagues in Minas Gerais, and a scattering of others.

While the figures of 57 separate units and approximately 10,000 members in Pernambuco are not overwhelming, the potential for an organized Brazilian peasant movement is impressive. 60% of the Brazilian population is rurally employed, largely illiterate and without leadership. Of the 10,000 Pernambucan members we estimate that nearly 90% of them are illiterate. So far the Julião pitch is on a very low level, most of the recruiting taking the form of troubadours singing songs extolling the value of the Leagues accompanied by organizers promising medical and legal assistance to the Peasants. Julião has declared his intentions of forming urban leagues, of favela dwellers, to join his peasant leagues in a demand for improved conditions, but is finding the task of moving into the salaried workers in both rural and urban areas a difficult task. In an interview granted to Novos Rumos in December, 1961, the weekly newspaper of the Communist Party, Julião admitted that most of his recruiting success had been among the itinerant farmworkers and sharecroppers and very little headway had been made among the salaried workers on the farms and in the processing mills, all of whom are threatened with the loss of their jobs if they join a movement such as the Peasant Leagues.

Julião is a man who is loudly laudatory of Castro, a frequent visitor to Cuba and to Communist China. On one of his trips, this time to China, he wrote a friend in Brazil a letter in which he said, "I am completing a book of poems about China. In this fantastic, incredible, absurd country everyone seems to be a poet, including Mao-Tse-Tung. The book will be entitled The Crysanthemum and will include 20 poems. I have never seen people like the Chinese. I believe that within a short period of time they will build the Kingdom of God on earth. It is enough to say that I have

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Page 2 of
Encl. No. 2
Desp. No. 1006
From Rio de Janeiro

interviewed Fu-Yi, who is also a poet, a man who was convinced from birth that he was descended from God, and today helps in the construction of Socialism as a botanist. In Shanghai you can see a building in which 24,000 middle class citizens are being educated by the regime. There is a scarcity of hand labor in this nation of 650,000,000 and unemployment does not exist. Recife has 100,000 unemployed heads of family. He who visits China and is not converted to its religion is a worthless individual."

He is a man who is frequently described as "messianic" and whom Ultima Hora, a newspaper which usually concedes a wide latitude of tolerance to language, described as a vehement speaker whose tone borders on that of a polemicist. He told a reporter of Ultima Hora that he considers Mao-Tse-Tung and Fidel Castro to have a place in history beside Saint Francis.

During the same interview he said of Brazilian author Jorge Amado "Jorge Amado and other writers reflect a sick art, almost pornographic, just as the capitalist world is sick and pornographic."

COMMENT:

A usually reliable source noted that: Julião is not a provincial, narrow, nationalistic Latin American. He is much tougher, more determined, and well informed. He is a dangerous man and is probably underestimated by his fellow Brazilians. He is fragile looking, but is very strong-minded. He said several times he was not easily influenced and that he stood by facts and by reality. He seems to be very much the self-styled, self-appointed Marxist that Fidel Castro used to be. He is very smooth, grasps his subject well, and knows where he is going. He is not an unaware, ingenuous provincial.

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SECRET

CORRECTION ISSUED:
6/17/62 9:40 a.m. RRE
Control: 11950
Rec'd: June 15, 1962
3:17 P.M.

FROM: Recife - CORRECTED, PAGE 1
TO: Secretary of State
NO: 411, June 14, 6 P.M.

ACTION RIO DE JANEIRO PRIORITY 345 INFORMATION DEPARTMENT 411

Dr. Jordao Emerenciano, chief Civil Household informed me today recent series disclosures appearing DIARIO DE PERNAMBUCO in column of Paulo Malta denouncing Communist activities in Pernambuco giving names and places has created sharp cleavage amidst Recife Directorate Communist Party, confirming previous CAS reports. Emerenciano advised me as consequence these disclosures plans for popular concentration scheduled for Saturday June 9th to proclaim popular support Arraes candidacy was called off. Directorate now non-existent, at least momentarily, and Arraes left hurriedly for Rio yesterday presumably discuss situation party leadership. Disclosure based on information obtained from Communist contacts by Emerenciano as part of anti-Communist campaign as previously announced to me. However he concerned over personal danger to journalist Malta, to himself and informers, since Communists making thorough investigation to discover sources leaks.

Emerenciano also reported he expects Governor Sampaio returning Recife Friday or Saturday with final decision on conciliation candidate which now appears likely to be choice between sociologist Gilberto Freyre and influential industrialist Antigenes Chaves, connected with Fosforita Olinda, Baccardi, other important business groups. This report confirmed other sources close to Chaves, who although reluctant would accept candidacy out of public spirit. He liberal-minded, pro-US, independent, highly respected and widely known all classes, but does not enjoy good health. Reason for discussions in Rio is obtain final backing

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-2- 411, June 14, 6 P.M. from Recife.

Président Goulart one candidate which would be decisive.

DML

DELGADO ARIAS

(#) Omission. Correction to follow.

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MEMORANDUM

DEPARTMENT OF STATE

0285

AIR POUCH
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FOREIGN SERVICE DESPATCH

FROM : Amembassy RIO DE JANEIRO

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NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

June 14, 1962
DATE

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SUBJECT: DECREE PROHIBITS FURTHER GOVERNMENT HIRINGS UNTIL DEC. 31

President Goulart yesterday signed a decree prohibiting until December 31, 1962, further hirings by government agencies as well as by autarchies and mixed-enterprises which are subsidized by the federal government. During this period, new employees may only be hired on the basis of examinations or for contract work on a temporary basis. In either case, the specific prior approval of DASP will be required.

The decree adds nothing to the legal authority of the government which has always been able to hire or not hire as it deemed necessary. It is more a statement of policy and may have the psychological effect of discouraging prospective applicants, thereby relieving the tremendous pressure on the various government entities for election-year jobs. In addition, it provides government entities and the President himself with a convenient excuse to turn down job applicants.

The failure or inability of the government to resist pressure of election year job seekers in recent months has been the subject of growing criticism in the Brazilian press. The ludicrous extent of such hirings was dramatized by a recent story in the "O Estado de São Paulo" revealing that there had been cases of women being added to the payroll of the Port of Rio Authority as truck drivers and crane operators. The "O Estado" said in the same article that, according to sources in the President's civil household, "9 out of 10 callers wishing to see the President wanted to discuss new jobs".

The government has not denied that federal hirings during recent months has been substantial. How many have been added to the federal payroll, however, is not known.

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Page 2 of
Encl. No.
Desp. No. 1015
From Rio de Janeiro

of the widespread but illegal practice of paying employees out of other allotments, it has never been possible to accurately calculate the size of the bureaucracy. It has been alleged by certain federal deputies that hirings in 1962 have amounted to 20,000 to 30,000, this estimate based on reports of new nominations published in the Diario Oficial. The personnel costs of Petrobras alone are reported to have increased from Cr\$ 9 billion to Cr\$21 billion since January due to hirings and substantial wage increases granted certain employees by new Petrobras President Mangabaira. To the extent that such additional personnel costs result in reduction or elimination of operating surpluses of autarchies, the pressure increases for subsidies from the federal budget. Hirings by the ministries and by autarchies already receiving budgetary subsidies, of course, adds an immediate burden to the federal budget, 30% of which already goes for personnel costs.

For the Ambassador,

John Krizay
John Krizay
Second Secretary of Embassy

Cleared:

Ralph V. Kopp
Ralph V. Kopp
Financial Attache

Approved:

Robert Bakens
Robert Bakens
Counselor for Economic Affairs

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FOREIGN SERVICE DESPATCH

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FROM : Amembassy RIO DE JANEIRO

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TO : THE DEPARTMENT OF STATE, WASHINGTON.

June 15, 1962

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SUBJECT: CNTII Considers Possible Political General Strike

For some weeks the newspapers have been filled with articles and public discussions concerned with the weaknesses of the Administration. These have gone so far as to state that there is, in effect, no government and there have been implications and some talk of a rightest coup to remedy the situation. Partly as a result of such talk and partly in order to show their own strength, the Communist-leftist leadership of the CNTII (all members of the Board of Directors were on hand) called a meeting at the headquarters of the CNTII for the night of May 30 to discuss this problem. At that meeting, Mr. Benedito Cerqueira, First Secretary of the CNTII and member of the WFTU General Council, alerted all member organizations and workers in general to be prepared for a general strike against any "reactionary" coup. The threat was defined not only to include a military coup in the usual sense of the term, but efforts on the part of the right to force a conservative and unsatisfactory cabinet upon the country. In order to prepare the workers, Mr. Cerqueira referred to the desirability of calling meetings of union leaders throughout the country. Mr. Dante Pelacani, CNTII Vice President, is currently making a tour in the north of Brazil for exactly this purpose.

Foreign Minister Santiago Dantas was invited to attend the May 30 meeting, but was unable to do so because of a prior engagement. In order to assist him and possibly at his suggestion, a second and similar meeting was held in the headquarters of the Communist-dominated Rio de Janeiro metalworkers' union on June 5, 1962. This meeting was sponsored not only by the CNTII but by the Communist-dominated UNE (National Students Union), UME (Metropolitan Students Union--Rio de Janeiro) and UNES (National High School Students Union). At the meeting, Mr. Pelacani represented the CNTII in the absence of President Clodsmidt Riani and Mr. Cerqueira, who were attending this year's ILO Conference. Mr. Pelacani read the declaration of the CNTII approved under date of June 5 to the assembled crowd. This declaration not only referred to the danger of a coup but recalled the various crises which have occurred in Brazil since 1945, including the latest crisis of August 1961.

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Despatch No. 1022
Page No. 2
From Rio de Janeiro

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However, this time the workers are advised to be more prepared than they were last August when a general strike effort failed (though this failure is not recognized in the manifesto). The manifesto finally calls upon all urban workers, farm workers, students, intellectuals, public officials, and armed forces to unite in opposing any attempted coup.

At the June 5 meeting, Foreign Minister Santiago Dantas was present and addressed the crowd. Stating that the "success" of the Brazilian foreign policy lies in its constant contact with the "people," he restated the three basic objectives of his policy: general disarmament, strengthening the principle of "self-determination," and the expansion of commerce between Brazil and all the countries of the world.

The next step was a meeting held at the Communist-dominated union of metalworkers of São Paulo on the night of June 7, which was largely a repetition of the June 5 meeting. At this meeting the same labor objectives were repeated and the Foreign Minister also was present. The principal new development of interest at this meeting was a letter given to the Foreign Minister by an unspecified and unknown number of signers which: (1) supports his foreign policy, (2) stresses the signers' support for "the heroic and courageous Cuban people," and finally, (3) calls upon Minister Dantas to represent the signers in the existing administration as their representative--"We appeal to your Excellency to become our spokesman before the President of the Republic, at this moment when the cabinet must be changed."

To what degree the CNTI leaders felt real concern with the alleged threat or to what degree they simply wished to take advantage of the opportunity to state their opinion and flex their muscles is unclear. However, word coming directly from the CNTI leaders and indirectly from reliable government officials indicates that there is some real concern on their part with a "rightist" coup.

On the other hand, the CNTI leadership was changed by President Goulart (see despatch 526 of December 15, 1961) largely in order that the Confederation could be used on his behalf if necessary, and it is entirely possible that the leaders have utilized the opportunity to publicly demonstrate their loyalty to him, quite apart from any real concern.

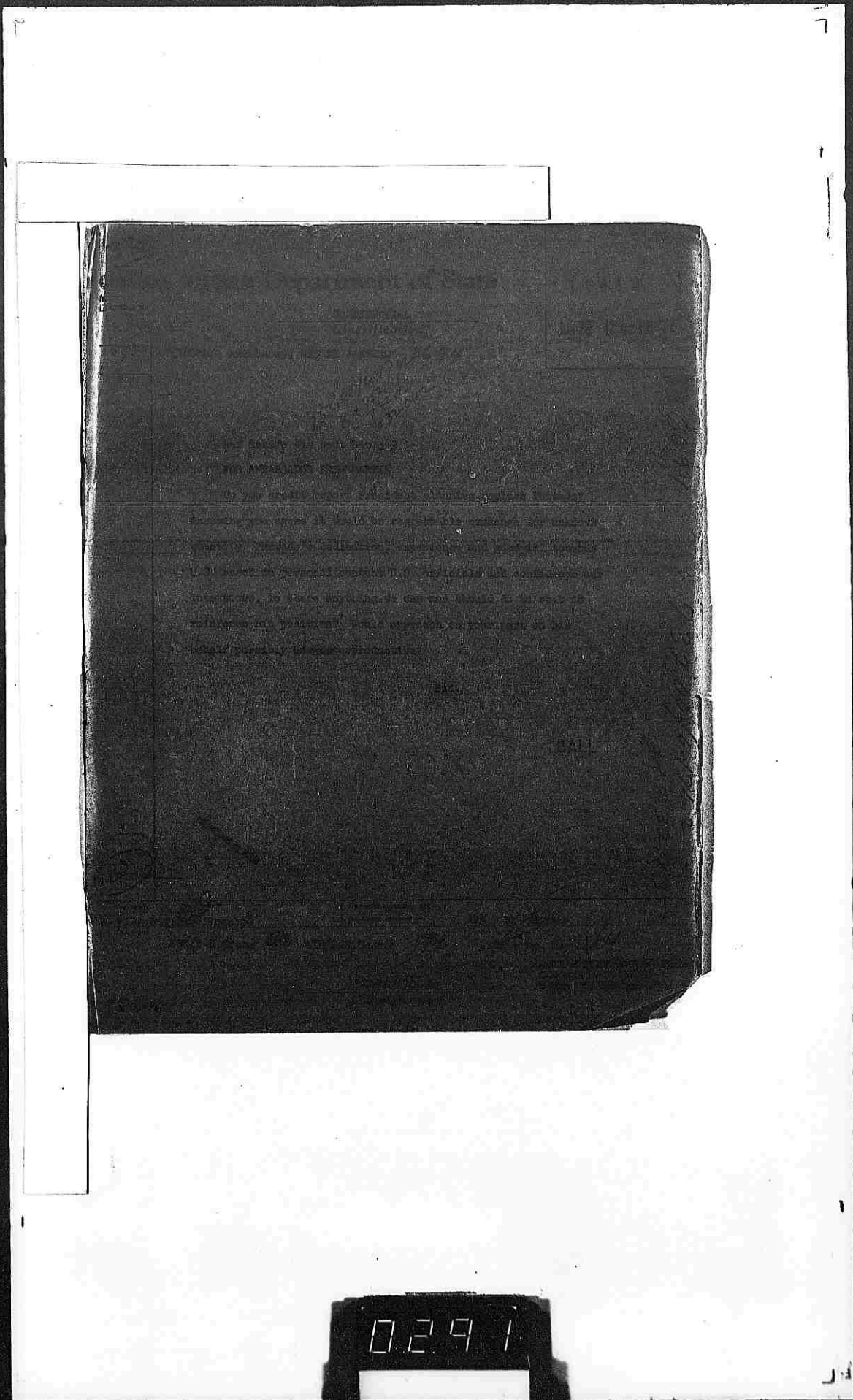
Finally, the Communists within the CNTI have, upon various occasions, stated that, in effect, they now control the government and they may have pushed the discussed activities in order to demonstrate their strength. While their view is an obvious exaggeration, the CNTI might, if the Administration and Armed Forces were divided and indecisive, under certain circumstances, be able to wield considerable power through its ability or threat to hold a general strike.

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FROM: Recife

TO: Secretary of State

NO: 414, June 17, Noon

ACTION RIO DE JANEIRO NIACT 349 INFORMATION DEPARTMENT 414

In conversation with Kissinger Governor Sampaio and* reported stiffened attitude on part of PTB in favor Senator Barros Carvalho for Governor in exchange support Federal Government. Alternatively, PTB would throw support to Arraes. All other twelve names on Governor Sampaio's list rejected. Governor made counter with proposal of Jose Ermirio Moraes. Governor and aides meeting this evening attempt reach decision, although Sampaio stated still too soon to determine final result.

Sampaio also reported candidacy Sam Thiago Dantes for Prime Minister appeared strongly supported by President. Antonio Balbino also mentioned but refused since he wishes run for Federal Deputy but would support Dantes. Sampaio expressed opinion Congress should allow President freedom to name his own Cabinet since this would entail full responsibility, while Congress would retain control in any event through power of vote of confidence. Believes this would inevitably force President to lean to right in order guarantee support of Center and Right forces in Congress. Also believe Dantes would choose move away from Left as matter of intelligent practical politics and since Dantes not Leftist by conviction.

Secretary of State also told us President planned remove Furtado as Director of Sudene. Other source confirmed this, indicating a military figure is being considered, possibly former head of Petrobras. Timing expected coincide with change of Cabinet.

DELGADO ARIAS

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 FROM : Amcongen SÃO PAULO NO. 313
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BUREAU OF INTER-AMERICAN AFFAIRS
JUN 26 1962

SUBJECT: Memoranda of Conversations Between Professor Henry A. KISSINGER and São Paulo Officials

Enclosed are three Memoranda of Conversations between Professor Kissinger and 1) São Paulo Federal Deputy Herbert Levy et al, 2) Federal Deputy Antonio Sylvio de Cunha Bueno et al, and 3) gubernatorial candidate José Bonifácio Coutinho Nogueira.

Daniel M. Braddock
 Daniel M. Braddock
 Minister Consul General

Enclosures: *3*
 As stated.

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Distribution: Amembassy Rio 2, Amembassy Brasilia, ARA, Dr. Kissinger.

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Page 1 of
Encl. No. 1
Disp. No. 313
From São Paulo

MEMORANDUM OF CONVERSATION

Date: June 7, 1962

Place: Mr. Levy's Residence in São Paulo

Subject: The Brazilian Crisis

Participants: Herbert Levy, São Paulo Federal Deputy, President of UDN.
Helio Beltrão, Director of Mesbla S.A.
Henrique de Botton, Mesbla S.A.
Dr. Henry A. Kissinger
Scott C. Lyon, Executive Officer, American Consulate General, São Paulo
Datus C. Proper, Political Officer, American Consulate General, São Paulo

Copies To: Dr. Kissinger
ARA (lcc) by Pouch
INR (lcc) by Pouch

Dr. Kissinger said that many Brazilians had been telling him to expect a major political crisis -- perhaps even a violent upheaval -- within a short time. But they were not able to explain just what the trouble was. Mr. Levy replied that the problem was indeed confusing; that even he, for the first time in a long while, was not quite sure what was happening. But he stressed one positive aspect of the Brazilian situation: he and many others in responsible positions knew just what to do to improve it. The problem was lack of a properly functioning government, and hence a public lack of confidence in governmental authority. This could be cured rapidly if the right Prime Minister were appointed to replace the resigning Tancredo NEVES.

São Paulo Governor CARVALHO PINTO was, in Mr. Levy's view, the right Prime Minister. He disclosed that the São Paulo Governor had just been called to Brasília, where President GOULART intended to offer him the Prime Ministry. Dr. Kissinger thought it odd that the President would tolerate encroachment on his power by a strong person such as Carvalho Pinto in the Prime Ministry. Mr. Levy, however, said Goulart had assured him that the position would be offered to the São Paulo Governor. It was clear that Deputy Levy was taking an active hand in the attempt to end the "crisis of confidence." He appeared to have been having many conversations with President Goulart. He characterized the President as "a smart politician" in a job for which he was not really prepared.

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so that he occasionally had to be "led by the hand." He could not be completely trusted.

Mr. Levy hoped that the President would nominate Bahia Governor Juracy MAGALHÃES to the Presidency of the Council of Ministers (Prime Ministry) if Carvalho Pinto declined.

Mr. Levy thought it possible that President Goulart would allow some sort of leftist agitation -- perhaps by brother-in-law BRIZOLA -- before the October elections, in the hope of taking advantage of the situation to recoup full Presidential powers. The danger then would be that the agitation could get out of control. Deputy Levy hoped, however, that Goulart would listen to wiser counsel.

Mr. Levy, when asked, calculated that the next Congress would have more good men in it than the present; but that it might also be a little more conservative (especially the Northeastern seats), perhaps arousing even more trouble from the far left.

Mr. Levy brought up the increasingly active and constructive role being taken by the Catholic Church, both in pushing for needed reforms and backing the better politicians. Messrs. Beltrão and Botton chimed in with enthusiastic agreement. When asked about the role of São Paulo Archbishop MOTTA (a leader of the new Church "left wing"), however, Mr. Levy promptly termed him "an old fool."

.....

Consulate General Comment: Mr. Levy gave a balanced and useful account of the "crisis of confidence." One got the impression that he might be a little taken in by Goulart, as many of his party colleagues believe. Mr. Botton privately hinted to the reporting officer later that the President was not the only one being "led by the hand" in the Goulart/Levy dialogue.

Consulate General Despatch 291 of June 5, 1962, should throw light on Mr. Levy's unflattering characterization of the São Paulo Archbishop.

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Page 1 of
Encl. No. 2
Disp. No. 313
From São Paulo

MEMORANDUM OF CONVERSATION

Date: June 9, 1962

Subject: 1) Quadros, 2) Leftists in Military

Participants: Antonio Sylvio de CUNHA BUENO, São Paulo PSD Federal
Deputy
General Nelson de MELLO, Commander of the Second
Army
Dr. Henry A. Kissinger

Copies To: Dr. Kissinger
ARA (lcc) by Pouch
INR (lcc) by Pouch

(Note: the following text derives from a hurried talk between Dr. Kissinger and the drafting officer, who was not present during the conversation with Mr. Cunha Bueno and General de Mello. Dr. Kissinger did not have an opportunity to review this memorandum.)

Deputy Cunha Bueno, when asked whether Jânio QUADROS might win the São Paulo Governorship race, said that Jânio would never be allowed to take office if elected. The military would intervene, preferring a safe dictatorship to the imponderable result of Quadros' return to a prominent political position. General de Mello neither confirmed nor contradicted this, though he overheard the statement clearly.

Deputy Cunha Bueno told Dr. Kissinger that the Army generals, with one or two well known exceptions, had democratic convictions and were friendly to the United States. Lower level officers, on the other hand -- especially Colonels -- had many nationalists among them. The fact that these officers were somewhat anti-American, however, did not mean that they were pro-Communist.

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Page 1 of
Encl. No. 3
Disp. No. 313
From São Paulo

MEMORANDUM OF CONVERSATION

Date: June 9, 1962

Subject: Governorship Race

Participants: José Bonifácio Coutinho NOGUEIRA, São Paulo
Gubernatorial Candidate
Dr. Henry A. Kissinger

Copies To: Dr. Kissinger
ARA (lcc) by Pouch
INR (lcc) by Pouch

(Note: The following text derives from a hurried talk between Dr. Kissinger and the drafting officer, who was not present during the conversation with José Bonifácio Nogueira. Dr. Kissinger did not have an opportunity to review the memorandum.)

José Bonifácio seemed less sure of winning the Governorship than Ademar de BARROS, with whom Dr. Kissinger had talked previously. Nevertheless, he thought his chances good. When asked whom President GOULART was supporting, José Bonifácio said that the President's main interest was simply in defeating candidate Jânio QUADROS. To this end, he would back whichever of the other two strong candidates (Nogueira and Barros) seemed most likely to do the job. Goulart was not very interested in strengthening Governor CARVALHO PINTO (as José Bonifácio's election would do) either, but worry about Quadros was the overriding consideration.

Mr. Nogueira mentioned that there might be a drastic revision in the line-up of anti-Quadros forces shortly before the October election, when the relative strengths of the gubernatorial candidates become clearer.

Dr. Kissinger mentioned that he had been hearing reports of possible leftist upheavals before election time. José Bonifácio did not rule out the possibility of some such trouble. He said that if President Goulart were not satisfied with the recommendations of the Brazilian Governors' conference in Araxá, the President himself might then declare some sort of leftist crash reform program. He could then find himself forced to live up to his declaration, with possible serious consequences, since some of his advisers and friends were unreliable. Just how far left President Goulart might be leaning was not known to Mr. Nogueira, but he hoped to have further information when Governor Carvalho Pinto returned.

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Page 2 of
End. No. 3
Disp. No. 313
From São Paulo

from a sudden trip which he had just taken to Brasília.

Consulate General Comment: Nogueira's admission of a possible major change in the gubernatorial panorama is very interesting. It is not clear whether he meant that he might withdraw from the race if he found himself running third. He and Carvalho Pinto have always denied any such thought, but the universal desperate determination to keep Quadros out of office could have some important effects.

Campaign organizations and one newspaper controlled by President Goulart have already come out strongly for José Bonifácio.

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TO: Secretary of State
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1. HEREWITH APPRECIATION OF RAPIDLY DEVELOPING POLITICAL SITUATION BASED ON WEEKEND TALKS, NOTABLY MOREIRA SALLES DINNER SUNDAY FOR KISSINGER.

2. INTENSIVE CAMPAIGN NOW BEING WAGED ON SEVERAL FRONTS BY DANTAS FOR OWN NOMINATION AS PRIMIN. NATION-WIDE STUDENT STRIKE HEADED BY COMMUNIST DOMINATED UNE, ORIGINALLY TO PRESS FOR ONE THIRD REPRESENTATION IN UNIVERSITY COUNCILS NOW OPENLY ADDING POLITICAL OBJECTIVE SUPPORT FOR "NATIONALIST AND TRULLY DEMOCRATIC" PRIMIN. WELL FINANCED TV CAMPAIGN SAME DIRECTION WITH SPOKESMAN FROM EXTREME LEFT COMPACT GROUP PTB. GENERAL STRIKE THREAT BY MARITIME, INDUSTRIAL AND BANKING UNIONS, PART OF SAME PICTURE. AT SAME TIME, DANTAS BUSY BUILDING FENCES WITH CENTER AID, EVEN CENTER RIGHT. IN CLOSED WAR COLLEGE SESSION LAST WEEK HE RE-EMPHASIZED PRO-WESTERN ANTI-NEUTRALIST ASPECTS "INDEPENDENT" FOREIGN POLICY. HAS BEEN SEEKING OUT WEALTHY CENTRIST BUSINESSMEN LIKE KLABIN AND BYINGTON TO SECURE THEIR SUPPORT ON BASIS ASSURANCES HIS CABINET SELECTION AND PROGRAM WOULD BE MODERATE DESPITE DEMAGOGIC ASPECTS PRESENT PRESSURE TACTICS.

3. MOREIRA SALLES PREDICTS GOULART WILL NOMINATE DANTAS EARLY THIS WEEK, EVEN POSSIBLE TODAY, ALTHOUGH FOOTBALL CHAMPIONSHIP EUPHORIA MAKES IT UNLIKELY. (AT MOMENT, GARRINCHA AND AMARILDO ARE THE GLENN AND CARPENTER OF BRAZIL.) OPINIONS

DIFFER ON

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-2- 2969, JUNE 18, 1 PM FROM RIO DE JANEIRO

DIFFER ON PROSPECTS NECESSARY 164 AFFIRMATIVE CHAMBER VOTE FOR INVESTITURE. KEY IS TRANSPORT MINISTER, VIRGILIO TAVORA, WITH WHOM I TALKED AT SUNDAY DINNER. DANTAS IS ANGLING HARD FOR UDN VOTES BY OFFERING TAVORA CONTINUATION THIS MAJOR PORK BARREL MINISTRY WHICH UDN BELIEVES MAY SWING 30 TO 50 SEATS IN OCTOBER ELECTIONS. DANTAS WORKING ON PSD WITH OTHER OFFERS PORTFOLIOS AND PROGRAM PROMISES, BUT SO FAR WITH LIMITED SUCCESS. ON PRESENT EVIDENCE, I WOULD GUESS INVESTITURE VOTE CLOSE BUT UNLIKELY REACH NEEDED NUMBER. GENERAL STRIKE THREAT BLACKMAIL LIKELY COUNTER-PRODUCTIVE.

4. IF CONGRESS REFUSES, NEW EFFORT TO RENOMINATE TANCREDO MAY BE MADE. ALTERNATIVELY, BALBINO OR SENATOR MOURA ANDRADE SUBSTANTIAL PROSPECTS. SUCH REFUSAL MAY, HOWEVER, BE USED BY LEFT WING GROUPS AS PRETEXT FOR VIOLENT ACTION, ON GROUNDS CONGRESS OBVIOUSLY SERVANT OF DOMESTIC ECONOMIC INTERESTS, FOREIGN TRUSTS, AND AMERICAN IMPERIALISTS. READINESS ARMY DISREGARD LEGAL ORDER AGAINST SUCH A THREAT NOW SEEMS MORE ASSURED, WITH WAR MINISTER INDICATING READINESS APPLY INSTANT DISCIPLINE TO SUCH OFFICERS AS OSVINO ALVES AND PERY BEVILACQUA IF THEY SEEK COLLABORATE WITH SUBVERSIVE MOVEMENT.

5. IF CONGRESS ACCEPTS DANTAS, VERY DIFFICULT PREDICT CONSEQUENCES. IN TERMS INTELLECTUAL ABILITY, HE FAR SUPERIOR MOST OTHER CONTENDERS. MOTIVES NOW SEEM UNALLOYED DESIRE POWER, WITHOUT CERTAINTY ON HOW IT WOULD BE USED. CABINET PROBABLY MAINLY CENTRIST, AND PROGRAM WOULD BE QUITE GOOD. ON OTHER HAND, OLD FASCIST SPOTS, WITH NEW LOOK RED TINGE, INCREASINGLY VISIBLE IN DANTAS MANEUVERS IN RECENT WEEKS.

6. GOULART MOTIVES IN ALL THIS ALSO OBSCURE. DESIRE DISCREDIT CONGRESS TO STRENGTHEN HAND IN PERSONAL BATTLE FOR LARGER PRESIDENTIAL POWERS ONE ELEMENT. ANOTHER DESIRE IS TO BUILD UP PTB FOR ELECTIONS, USING POWER PRIMINS OFFICE THIS END. MOST

SINISTER INTERPRETATION,

SECRET

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SECRET

-3- 2969 JUNE 18, 1 PM FROM RIO DE JANEIRO

SINISTER INTERPRETATION, WHICH SOME FACTS SUPPORT, IS THAT HE IS ACTIVE PARTICIPANT IN REMARKABLY COMPLEX PLOT FOR LEFT WING TAKEOVER. I CONTINUE BELIEVE BALANCE EVIDENCE AGAINST THIS, ALTHOUGH AS WEAK-MINDED MAN NOW PREOCCUPIED BY HEALTH, HE MAY BE PUSHED THAT WAY WITHOUT KNOWING IT.

7. ONE MINOR ELEMENT IN POLITICAL JOCKEYING IS PUBLIC AND PRIVATE ALLEGATIONS ON OUR ATTITUDES TOWARD DANTAS FOREIGN POLICY. DANTAS IS TELLING ALL AND SUNDRY AMONG CENTER AND RIGHT GROUPS, AND INSISTING TO GOULART, THAT USG, INCLUDING PRESS, SECRETARY RUSK, AND I, ENTHUSIASTICALLY SUPPORT. ONE INFORMANT LATE LAST WEEK SAID GOULART HAD TOLD HIM HE WOULD CALL ME WITHIN DAY OR TWO TO ASK POINT BLANK. HE DID NOT DO SO, AND I DOUBT THAT HE WILL. IF HE DOES, I INTEND SAY THAT WE RESPECT AND APPROVED INDEPENDENCE, HAVE NO DESIRE FOR SATELLITES, BUT ARE SERIOUSLY CONCERNED THAT IN RECENT WEEKS INDEPENDENCE GROWING LIKE NEUTRALISM IN PLACE OF WESTERN ORIENTATION ORIGINALLY EMPHASIZED BY DANTAS AND BY GOULART IN WASHINGTON. I HAVE CONSIDERED SEEKING AUDIENCE FOR THIS PURPOSE, BUT BELIEVE ANY INITIATIVE MY PART IN THIS DELICATELY BALANCED SITUATION MORE LIKELY DO HARM THAN GOOD.

GORDON

DPB/TAB

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*file corrected not
6-21-62 EST/RS RC*
CONTROL: 13486
CORRECTION ISSUED:
6/20/62 - 1 A.M. - DLW

-2- 2969, JUNE 18, 1 PM FROM RIO DE JANEIRO (CORRECTED PAGE 2)

DIFFER ON PROSPECTS NECESSARY FOR AFFIRMATIVE CHAMBER VOTE FOR INVESTITURE. KEY IS TRANSPORT MINISTER, VIRGILIO TAVORA, WITH WHOM I TALKED AT SUNDAY DINNER. DANTAS IS ANGLING HARD FOR UDN VOTES BY OFFERING TAVORA CONTINUATION OF THIS MAJOR PORK BARREL MINISTRY WHICH UDN BELIEVES MAY SWING 30 TO 50 SEATS IN OCTOBER ELECTIONS. DANTAS WORKING ON PSD WITH OTHER OFFERS PORTFOLIOS AND PROGRAM PROMISES, BUT SO FAR WITH LIMITED SUCCESS. ON PRESENT EVIDENCE, I WOULD GUESS INVESTITURE VOTE CLOSE BUT UNLIKELY REACH NEEDED NUMBER. GENERAL STRIKE THREAT BLACKMAIL LIKELY COUNTER-PRODUCTIVE. *EST/RS 1/6 RC*

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FOREIGN SERVICE DESPATCH

FROM : Amembassy BRASILIA Office 1024 NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. June 19, 1962 DATE

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SUBJECT: PTB Statement on New Council of Ministers

A statement issued on May 31 by the PTB bloc in the Chamber of Deputies regarding the formation of the new Council of Ministers is significant in that it is, in effect, a party platform and reveals the approach, beyond the immediate question of Cabinet formation, to the October election that will be taken by the PTB as well as other leftist groups. A translation is attached. The points listed are: (a) Control of inflation, specifically, the high cost of living. To this is coupled reduction of "exploitation" (presumably foreign). (b) Action to relieve unemployment; (c) Labor union rights; (d) Wider distribution of income; (e) Expansion of international trade (by implication, with bloc countries); (f) Immediate agrarian reform through expropriation in the social interest; (g) Control of foreign profit remittances. Although its terms are general, the statement is considerably milder in tone than pronouncements by the left wing of the PTB.

The FSD and the UDN have not issued broad policy statements in connection with the cabinet formation and have concentrated on the personal political maneuvering which has engrossed, virtually to the exclusion of all else, political figures, from the President downward, for the past month. The PTB, needless to say, has not excluded itself from these maneuvers.

For the Ambassador:

APPROVED
Philip Waine
Philip Waine
Counselor of Embassy
for Political Affairs

Harry Weiner
Harry Weiner
Second Secretary of Embassy

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Page 2 of 2

Encl. No. _____

Disp. No. 1024

From Brasilia Office

att
Enclosure: Translation of Official PTB
Statement on the New Council
of Ministers

DISTRIBUTION: All consulates in Brazil, Service Attachés, USIS,
Econ (2), Pol II, Labor, Pol Rio (5), CF (5),
Pol Brasilia (5)/29.

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Page 1 of 2
Encl. No. 1
Disp. No. 1024
From Brasilia Office

**OFFICIAL STATEMENT
OF THE PTB "BANCADA" IN THE CHAMBER OF DEPUTIES
REGARDING FORMATION OF A NEW CABINET. ISSUED MAY 31**

The PTB bloc, upon the initiation of the debate on the change of Cabinet, by virtue of its constitutional directives, wishes to present its point of view to the other party forces represented in the Congress and to the public opinion of the country. If the formation of the Council of Ministers is accomplished with the conciliatory and pacific spirit which prevailed in the solution of the crisis of August-September 1961, the new Cabinet can and must correspond to the political, economic and social reality of the Brazilian nation in the phase through which we are passing.

The PTB considers, therefore, that the foreign policy adopted by the current Cabinet, consecrated at the polls in October 1960 and amply developed by the Cabinet with the approval of Congress, embodies the concern and overwhelming will of the majority of the Brazilian people, and must be preserved.

Meanwhile, the constitution of the Cabinet, in order to be truly representative of the national will, cannot escape the formulation and execution of an internal policy equally independent, which will smooth the way for our foreign policy. This internal policy can be synthesized in the following minimum points:

(a) Containment of inflation, which makes impossible the survival of the mass of people ('classes populares'), guaranteeing the independent development of the national economy and the reduction of the process of exploitation to which we have been submitted and which has increased in recent years.

(b) Increase of the labor market through investment so that unemployed manual labor may be absorbed.

(c) Respect for union liberties, recognizing that the occurrence of strikes are the result of an economic and financial policy not geared to the interests of the people.

(d) Better distribution of the fruits of national labor, inasmuch as the development of the country does not result only from the enrichment of privileged groups.

(e) Commercial and exchange policy which permits the expansion of our international trade and the execution of bilateral accords of the highest interest to the sovereignty and security of the country.

(f) To effect agrarian reform with the addition of a new criterion of expropriation in the social interest, opposing the

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Page 2 of 2
Encl. No. 1
Desp. No. 1024
From Brasilia Office

latifundia and assuring the access of the worker to land with increased productivity and improvement in the living standards of the rural population, and without prejudice to the measures of an agrarian policy which can and must be taken at once.

(g) A policy of disciplining the remittance of the profits of foreign investments in accordance with the principles already adopted by the Chamber.

Only a Cabinet capable of coordinating the forces of development, under the principles of social justice, with adequate solutions for these problems, and defending the system of democracy and public liberties, will receive the support of the Brazilian people.

The resignation of the present Ministers should occur within the limits of the constitutional period fixed for their ineligibility, so that the President of the Republic and the parties can constitute the future government of the country, without haste, and in due course.

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FROM: Rio de Janeiro

TO: Secretary of State

NO: 2989, June 19, 6 p.m.

INFO: file

REMARKS: RC

6-22-62

Following from Brasilia:

Embassy telegram 2978.

While admitting possibility President will submit for Congressional approval new cabinet headed by San Tiago Dantas, PSD President Amaral Peizoto informed Embassy officer today that party continuing maneuvers basis position and will give member PSD.

Peizoto has stated party's position to President: (a) it is leading party; (b) while President has unquestioned prerogative name Prime Minister and cabinet, PSD hopes will be one its members nominated; it presented no names. Subsequently at President's request presented program which party would carry out which includes reorganization several ministries, stem inflation, tax and banking reform. He informed President unlikely much this legislation could get through Congress this year but was confident Congress would delegate special powers to cabinet headed by centrist prime minister, but would not to one which it did not trust. President told Peizoto thought this valid point.

On subject foreign policy (presumably this was part of program Peizoto added there can be no quarrel with Brazil's present policy but one could quarrel with manner implementation; (Embassy officer made point one could not quarrel with independent policy certain actions tending toward neutralist lines could give concern those interested in close US-Brazil relations).

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TO : THE DEPARTMENT OF STATE, WASHINGTON.

June 19, 1962

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SUBJECT: "Conservatives" Support Arraes for Governor

An illustration of the fact that in Brazilian politics ideology runs a poor second to the need to win is offered by the attitudes of Federal Deputies Luis MEDEIROS NETO (PSD-Alagoas) and ETELVINO LINS DE ALBUQUERQUE (PSD-Pernambuco) toward the gubernatorial aspirations of Miguel Arraes in Pernambuco. By the Embassy's classification system (Despatch 960, June 8) Medeiros Neto, a priest, is a Conservative and Lins a Centrist. Nonetheless, Arraes' apparently comfortable front-running margin over the UDN's Joao Cleofas early in June had both deputies urging the state PSD organization to give Arraes the nomination.

Medeiros Neto writes, in a column published in Correio Brasiliense, May 19, "Some say he is a militant Communist; however, Luis Carlos Prestes /Chief of PCB/ gives him neither attention nor party affiliation. But, he seems to me to be a socialist in the style of Saragat. I believe that he is sincere in this . . . /The PSD state leaders/ must understand that they cannot leave the stage solely to the favorite, Miguel Arraes. They have to share the prize and the justice of the choice with him . . . To be in the position of a third force would signify complete annihilation for the PSD in Pernambuco."

Lins, according to Jornal do Brasil of May 24, sees "revolution" as already under way with no chance of being deterred. He also doubts Arraes' Communism, citing Communist opposition as the cause for his 1958 defeat in his campaign for federal deputy. Lins, like Medeiros Neto, sees Arraes as the bandwagon onto which the PSD must jump (a) to enjoy at least some of the fruits of victory, (b) not to suffer "complete annihilation for the PSD in Pernambuco" and

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Page 2 of 2
Despatch 1025
Brasilia Office

(c) (not to impute purely selfish motives to the politicians) in the hope of bringing moderating influences to bear on him should he reach the governor's chair.

For the Ambassador:

Harry Weiner

Harry Weiner
Second Secretary of Embassy

APPROVED

Philip Reine

Philip Reine
Counselor of Embassy
for Political Affairs

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Rec'd: June 22, 1962

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FROM: Recife

TO: Secretary of State

NO: 416, June 20, 5 pm

ACTION RIO DE JANEIRO 56 INFORMATION DEPARTMENT 416

Governor Sampaio departed suddenly for Rio and Brasilia yesterday evening in new attempt resolve question compromise candidate. Latest suggestion now Apolonio Sales (PSD) prestigious head CHESR, and former Senator.

Local ULTIMA HORA published as of June 18, supporting Arraes for Governor and Emirio de Moraes for Senator. Paper follows leftist ultra-nationalist line. Director General is Humberto Alencar, said to be Communist and cousin Miguel Arraes.

DELGADO ARIAS

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June 20, 1962

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TO : THE DEPARTMENT OF STATE, WASHINGTON.

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SUBJECT:

Weekly Summary No. 18

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1. Two New Papers in Recife
2. Press Reaction

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Encl. No.
Disp. No. 191
From Amconsul RECIFEPOLITICAL1. Political Campaign Developments

The scene of major developments in Pernambuco politics shifted South this week as major political figures journeyed to Rio de Janeiro and Brasilia to attempt to resolve problems which could not be resolved at home.

Governor CID SAMPAIO spent almost the entire part of the week in Brasilia and Rio de Janeiro attempting to hammer out a compromise agreement on a conciliation candidate to oppose Recife Mayor MIGUEL ARRAES in the Pernambuco gubernatorial race. By the end of the week he had made no visible progress other than to eliminate from further consideration some ten or eleven names. While at the beginning of the week it appeared that Sampaio was hoping to work a three-way-deal (PSD-PTB-UDN), by week's end the PSD's agreement and support were apparently no longer being sought. On Saturday, June 15, Sampaio brought the negotiations back to Recife.

Sampaio reportedly presented to President GOULART a list of twelve or thirteen possible candidates, any one of whom, he felt, could form the basis of a compromise agreement. The list included such disparate figures as industrialist ANTONIO GENES CHAVES, Archbishop DOM CARLOS COELHO, sociologist GILBERTO FREYRE, lawyer JOSE NEVES, and Secretary of Treasury PAULO MACIEL. Goulart apparently rejected most of the names outright and proposed that they settle on Senator BARROS CARVALHO, a Petebista of the old school. Sampaio countered with JOSE HERMIRIO DE MORAIS, and on that note the negotiations were suspended.

Discussions are to be renewed in Recife next week, and, reportedly, will center around the possibilities of Barros Carvalho, Hermirio de Moraes, and Federal Deputy BARBOSA LIMA SOBRINHO (PSB). Any one of the three, if nominated, would cut deeply into the support of Arraes. Sampaio, however, continued to think that time is on his side (though only three weeks remain before the July 7 deadline) so there is no reason to believe that other names will not be considered or that the final choice will be made immediately.

While everyone else discussed possible successors to JOAO CLEOFAS as the principle opponent of Miguel Arraes, Cleofas himself displayed a certain tendency to resist the inevitable. He first announced that he would not, under any circumstances, withdraw from the race. Then, almost as if he were attempting to convince himself of the truth of his words, he opened the headquarters of the Joao Cleofas Central Committee. Rumor has it that Cleofas will now use his headquarters to run for one of the two Senate seats up for grabs. ARMANDO MONTEIRO FILHO also made brave noises about his determination to stick in the race, as the candidate of the PRT (PARTIDO RURAL TRABALHISTA) and the

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From Amconsul RECIFE

FDC if no other party. While his declaration is somewhat more credible, it no longer seems likely that the ballot in October will bear Monteiro Filho's name.

Miguel Arraes also traveled South this week to Rio and Brasilia ostensibly to settle questions regarding the purchase of municipal buses and to request federal aid for the construction of schools for his Movimento Para Cultura Popular. Other sources, however, claimed that Arraes' trip was caused by a sudden disintegration of the Communist Party organization in Recife. For four days running, Diario de Pernambuco's columnist PAULO MALTA published names and addresses of local and state Communists and details of Communist plans and strategy. This had the effect of creating so much confusion and distrust within the Communist Party that the Party's whole organization simply crumbled. Help from São Paulo and Rio will apparently be required to paste together the pieces. (CONFIDENTIAL)

2. SUDENE Director Celso Furtado to be Ousted...Again

Reports from several sources indicated this week that there is another move under way to oust CELSO FURTADO from his position as Director of SUDENE. One report had it that Minister of War SEGADAS VIANA had met recently with other high-ranking figures (including Chief of the Military Household GENERAL KRUEL, and WALTER MOREIRA SALLES) to plot Furtado's ouster, it having been decided that he would be replaced by an Army General who formerly headed PETROBRAS. While the exact method in which he would be removed was not determined, it was reportedly agreed that he would be forced to leave at the time of the formation of the new cabinet. The source also indicated that this plan would not be followed if SANTIAGO DANTAS were named Prime Minister, since Dantas is one of Furtado's strongest supporters.

Another report, this one from one of the advisers of Governor Cid Sampaio, stated that Furtado would be offered the position of Minister of Agriculture in the new cabinet to allow him to make a graceful exit from SUDENE. The report said that the current plan is for sociologist Gilberto Freyre to engage Furtado in a long, revealing exchange at the next meeting of the SUDENE Deliberative Council on July 4 which would be designed to set public opinion against Furtado. Following this, Furtado would presumably be offered the alternatives of moving over to the Ministry of Agriculture or leaving the Government.

Both of these reports, together with one in the Diario de Pernambuco, imply that the plan to oust Furtado has already been approved by President Goulart. Furtado himself, however, has stated privately that less than a month ago he was assured by Goulart that he would head SUDENE as long as Goulart remained President. This assurance was given, according to Furtado, following Furtado's appeal to Goulart to resist an attempt by the SUDENE Deliberative Council to reduce drastically Furtado's independent authority. (CONFIDENTIAL)

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Comment: Furtado is rapidly becoming the most powerful man in the Northeast. His opponents realize that they must act now to remove him from his position if they are going to act at all. President Goulart was probably a good deal less than sincere in assuring Furtado of his unflinching support, but even if Goulart wants to remove Furtado it would not seem to be a wise political move to cashier him out of SUDENE at the present time. Tensions in the area would be heightened considerably by such a move, and development efforts, including Alliance for Progress projects, could be paralyzed for months. (CONFIDENTIAL)

3. State Assembly Drops Proposal to Quiz Francisco Juliao

The proposal to convoke a secret session of the Pernambuco State Assembly to quiz Deputy FRANCISCO JULIAO over statements he allegedly made to a German reporter have been dropped. (See Weekly Summary No. 17). The statements reportedly accused other state deputies of unsavory acts, including the murder of peasants. Assembly President PAULO GUERRA did hold a meeting of a special committee to study the proposal, during which Juliao declined to acknowledge whether he had made the statements attributed to him. Although Juliao's refusal to respond satisfactorily to the pertinent questions infuriated the members of the committee, it was decided, possibly for political reasons more than any other, not to proceed further into the matter. As a sop to the anti-Juliao elements of the public, Guerra made a vague statement implying that Juliao might be questioned at some future public session of the Assembly, but this is considered unlikely. (OFFICIAL USE ONLY)

4. Students Clash With State Police

Members of the Pernambuco Students Union (UEP) clashed with state police this week in a fracas growing out of a protest by the striking UEP against Catholic University strikebreakers. As part of the nationwide student strike in support of the demand for one-third student representation on university councils, the UEP had decided that students would not take their exams now during the normal examination period. About 30 per cent of the students at Catholic University elected not to accept this particular decision of the UEP, and reported to the university to take their exams. When the word got out that the unity of the student movement had been ruptured, UEP leaders called a protest demonstration in front of Catholic University. University officials then called the police, and the police and the students had a go at it with billy clubs, firecrackers, stones, and rocks. Four were wounded on each side before the students fell into strategic withdrawal. (UNCLASSIFIED)

Comment: This is the first bit of violence in the current strike, and an indication that tempers are rising. Fortunately, the school period is about to end, so most students will probably lose interest in the strike, at least momentarily. (UNCLASSIFIED)

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From Amconsul RECIFE5. Dr. Henry Kissinger Visits Recife, Meets Local Political Personalities

Dr. HENRY KISSINGER of the Harvard University Center for International Affairs visited Recife June 14-16 on the tail-end of a tour of Brazil as guest of the Brazilian Ministry of Foreign Affairs. During his two days in Recife, Dr. Kissinger met and discussed the local political situation with Governor Cid Sampaio, sociologist Gilberto Freyre, SUDENE Director Celso Furtado, industrialist ANTIOGENES BICHAVES, and peasant leader PADRE ANTONIO MELO. Dr. Kissinger was to have met State Deputy Francisco Juliao also but Juliao failed to keep the scheduled appointment. Efforts to arrange an appointment with Recife Mayor Miguel Arraes were unsuccessful due to Arraes' absence from Recife. (UNCLASSIFIED)

Dr. Kissinger found his meeting with Celso Furtado to be the most interesting of all, and later remarked that Furtado was one of the few people he had met in Brazil who could offer a well-defined program for the development of the Northeast. (LIMITED OFFICIAL USE)

ECONOMIC1. Labor

Recife's labor leaders were jumping on the bandwagon this week with threats of a general strike unless the President is given free rein to appoint an "acceptable" cabinet. Several of the unions here are to hold a mass meeting June 22 to whip up enthusiasm.

Meanwhile, the strike of the local Warehousemen's Union (sometimes referred to in earlier Weekly Summaries as Port Maintenance Workers) continues. Violence nearly erupted on June 16 when a merchant tried to use non-union loaders to move 72 tons of salt into his warehouse. About 100 warehousemen and stevedores soon showed up, several of them brandishing pistols, and chased the "scabs" away. Order was restored but when the merchant appealed to the warehousemen's union to move the salt they said they would do so only for triple wages. This being impossible for the merchant to pay, the salt was left on the dock at the mercy of the elements. (OFFICIAL USE ONLY)

2. French Fishing Boat Seized

The Brazilian patrol boat "Babitanga" this week surprised the French fishing vessel "Plomac 5" lobstering some 20 miles off the coast of Rio Grande do Norte. According to the press the "pirate boat" was boarded and brought into Natal where an investigation will be opened concerning its "irregular fishing operations". Recife's Mario de Pernambuco described these "irregular operations" as consisting of fishing on Brazil's continental shelf. The Consulate General understands that when the French protested that the boat had been outside the three mile limit, the

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From: Arconcul RECIFE

Brazilian naval authorities replied that the continental shelf constituted territorial waters in so far as fishing rights were concerned.
(OFFICIAL USE ONLY)

PSYCHOLOGICAL1. Two New Papers in Recife

Recife will soon have two new papers. One, O Jornal Pequeno, a weekly, has already put out its first edition. As yet the Consulate General has no information concerning ownership, who the editors are, etc. The first edition, however, reflected a moderate approach. The second new organ will be Ultima Hora, with the first edition hitting the streets June 18. The Consulate General understands that Jose Ermirio de Moraes has agreed to finance the paper's operations until October. From that point on it is to be on its own. Recife's Ultima Hora will be part of SAMUEL WAINER'S Ultima Hora chain and was being advertised as "the nationalist" paper of Recife. That it will support Recife Mayor Miguel Arraes is certain. The Mayor's cousin, HUMBERTO ALENCAR, said to be a Communist, will be the Director General of the paper. ALUISIO PALCAO, a Recife reporter also said to be a Communist, will be on the reporting staff along with several other lesser figures of ultra-nationalist or Communist persuasion. UBIRAJARA CRUZ, one of the directors of the Mayor's publicity campaign and a top officer in the city government's Public Relations Office, will be Ultima Hora's public relations director. (LIMITED OFFICIAL USE)

2. Press Reaction

The most interesting column to read this week has been Paulo Malta's "Periscopio" which appears in Diario de Pernambuco. Obviously having inside information, Malta has been bruiting about Communist Party plans, names and addresses of key members in interior cities, etc. The Communist paper A Hora's weak effort to make light of and cast doubt on Malta's information only succeeded in making it clear that Malta has the Party worried. (LIMITED OFFICIAL USE)

Undeserved criticism was thrown at SUDENE this week. Columnists LUIZ CISNEIROS and SOCRATES TIMES DE CARVALHO in Diario da Noite, and a lead editorial of Diario de Pernambuco accused SUDENE of misuse of Alliance for Progress food shipments. They complained that workmen on several SUDENE work relief projects were being paid with foodstuffs which the United States Government had sent in for free distribution. Celso Furtado replied with an open letter to Diario de Pernambuco carefully and patiently explaining the situation and pointing out that not only was everything in order, but that Alliance for Progress officials fully agreed with the idea of giving food as partial payment of wages on such

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From: AMEMBUL RECEIPT

projects. (UNCLASSIFIED)

Eugene Delgado-Arias
D. Eugene Delgado-Arias
Consul General

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FROM: Rio de Janeiro

TO: Secretary of State

NO: 2997, June 20, 1 PM

PRIORITY

Following from Brasilia.

1. President's office released following statement yesterday evening:

"View decision Council Ministers resign June 26 for purpose foreseen Article 139 Federal Constitution, and considering now it has duty take steps so future cabinet may be opportunely formed, President Republic convoked President's political parties present in Brasilia to communicate to them that desiring comply with requirement Article 8 of additional act within proper time, he had decided entrust Dr. Francisco Clementino de San Tiago Daitas with task initiating with party representative understandings necessary to his nomination to presidency of Council Ministers which must replace present one headed by Dr. Tancredo Neves".

2. Shortly thereafter Dantas read to press prepared statement asserting:

- (1) He had intended run for re-election but could not refuse respond this presidential gesture confidence.
- (2) Present period one of "preoccupations" for Brazilians, particularly "popular classes".
- (3) He intended "consult" party representatives in order verify "possibilities" constituting Government capable

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FOREIGN SERVICE DESPATCH

FROM : American Consulate General, RECIFE 190 NO.

June 20, 1962 DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON.

JUN 25 1962

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SUBJECT: Visit of Dr. Henry Kissinger to Recife, June 14-16, 1962

Dr. HENRY KISSINGER arrived in Recife on Thursday, June 14 on a two day visit as part of his tour of Brazil. Although Dr. Kissinger's program was to have been arranged by the Instituto Joaquim Nabuco on instructions from the Brazilian Foreign Office, it soon became apparent that the Instituto had done nothing in preparation for his visit. The Consulate General thus became responsible for planning and coordinating Dr. Kissinger's visit.

Upon his arrival, Dr. Kissinger explained that the purpose of his visit was to learn as much as possible of the local political situation through personal contact with political leaders of all stripes. He requested the Consulate General to arrange appointments with FRANCISCO JULIAO, Recife Mayor MIGUEL ARRAES, SUDENE Director CELSO FURTADO, sociologist GILBERTO FREYRE, and Governor CID SAMPAIO. Advance efforts to arrange four of these appointments had proven unsuccessful since Sampaio, Freyre, Arraes, and Furtado were all in Rio de Janeiro on the day preceding Kissinger's arrival.

A meeting with Juliao was arranged for the morning of June 15 at Juliao's home. However, Juliao departed from his home some thirty minutes before the appointed hour and never returned for the scheduled meeting. The Consulate General then succeeded in arranging the requested appointments with Freyre, Sampaio, and Furtado and, in addition, with ANTONIO CHAVES, an industrialist and local political leader, JOAQUIM AMADEO, American citizen, Vice President of Bacardi, and Padre ANTONIO MELO, leader of the Catholic peasant unions. During the two days he remained in Recife, Dr. Kissinger was also honored at a small dinner offered by the Consul General and at a luncheon offered by the Chief of the Civil Household, Dr. JORDAO EMERENCIANO. Finally, Dr. Kissinger toured the historic city of Olinda in the company of Mr. BRUNO LUZZATTO, Deputy A.I.D., Director for the

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FROM : Amcongen SÃO PAULO

316
 NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

June 20, 1962
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SUBJECT: Weekly Summary No. 25

DEPARTMENT OF STATE
 BUREAU OF
 AFRICAN AFFAIRS
 JUN 25 1962

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POLITICAL

1. São Paulo Opposition to Dantas Solidifies

Delirium over the world soccer championship has overshadowed politics and even the rising price of beans. Nevertheless, news-making Guanabara Governor Carlos LACERDA attracted attention when he had a long talk with São Paulo colleague CARVALHO PINTO on June 11. Newspapers approvingly quoted Mr. Lacerda on San Thiago DANTAS' qualifications for the Prime Ministry: "...if Congress should commit the folly of accepting his nomination, it will be necessary to wait only a few days to see what happens to the countryDantas has an aptitude for grave digging, not for the Prime Ministry."

GOULART-controlled Correio Paulistano had kind editorial words for Foreign Minister Dantas, but an independent columnist on the same paper found him an "instrument of the Communists." Communist Novos Rumos and leftist/nationalist Ultima Hora were, in fact, about the only newspapers consistently favorable to Dantas; and even Ultima Hora was cautious.

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Conservative São Paulo Senator CALAZANS said that he would prefer Fidel CASTRO, who at least would go about sovietizing Brazil in the open. Archbishop MOTTA, on the other hand, was said not to oppose Dantas' nomination. (OFFICIAL USE ONLY)

Comment: There are important groups in São Paulo -- among students, workers, politicians -- even the clergy -- who are pleased with President Goulart's rumored intention to appoint Dantas Prime Minister. But the balance seems to be tipped heavily the other way. There will be much discontent in São Paulo if the appointment materializes. (LIMITED OFFICIAL USE)

2. Adhemar Still Ahead in Gazeta Poll

A running poll by the newspaper Gazeta (Weekly Summary 21) has so far covered fifty-eight small interior townships. Adhemar de BARROS is ahead for the Governorship by 6,356 to Jânio QUADROS' 5,294 and José Bonifácio NOGUEIRA's 4,381. (UNCLASSIFIED)

Comment: The Gazeta poll is unscientific, but previous elections have given it a reputation for honesty. (The work being done by "scientific" organizations is not honest -- see Weekly Summary 18.) The management of the paper is not believed to be fond of Adhemar, and the individual reporters on the poll are said to be pro-Quadros. There are, however, three factors which favor Adhemar: (a) a high proportion of the cities polled has been in his zones of influence; (b) many of the larger landowners object strenuously to Nogueira's insistence on agrarian reform; and (c) it is early in the race for a political unknown like José Bonifácio to catch up with old professionals. But taking everything into account, Adhemar still looks very strong. (LIMITED OFFICIAL USE)

3. Carvalho Pinto Opines on Araxá Conference

The São Paulo Governor was conveniently on temporary leave at the time of the conference in Araxá, Minas Gerais, allowing the Vice Governor to attend in his place. When it was over, Carvalho Pinto agreed with the "generalized thinking" of his colleagues at the conference, but hoped that public opinion would not again be disappointed "with the contrast in which Brazil has lived, between well-intentioned words and reality, lacking practical and efficient measures." (UNCLASSIFIED)

Comment: Carvalho Pinto's comment reflects accurately his preference for "practical and efficient measures" rather than conversation. But his frankness reflects the São Paulo/Minas Gerais political competition, which has not been lessened by the Minas Governor's overtures to gubernatorial candidate Quadros. (LIMITED OFFICIAL USE)

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4. Workers Request Report Card on Politicians

The São Paulo Federation of "Workers Circles" (Círculos Operários), organized by the conservative wing of the Catholic Church, have requested a report from Federal Chamber President MAZZILLI. They would like to know which São Paulo Deputies introduced what laws, how the Deputies voted, their attendance records, and so forth. A similar request is to be made to the State Legislative Assembly. (UNCLASSIFIED)

Comment: A constructive move -- though how far it will get is anyone's guess. The Círculos Operários have very probably heard of the "score cards" of American unions. If the practice catches on, it could make life a little less pleasant for playboy Deputies. (LIMITED OFFICIAL USE)

5. Agricultural Expansion Fund Increases

The State Government has made an additional seven billion cruzeiros available to the "Agricultural Expansion Fund." (Described in São Paulo Despatch 466 of June 13, 1961.) (UNCLASSIFIED)

Comment: The Fund has been accused of being too slow-moving. One report has it that a pro-Quadros Director of the State Bank has bottlenecked progress. Administration officials now seem determined to get the Fund working. Gubernatorial candidate José Bonifácio Nogueira (State Secretary of Agriculture until he started his campaign) is understandably sensitive to criticism. Conservative landowners object to his "radical" agrarian revision (which in fact is mild); those needing credit from the Expansion Fund want the revision to work faster; and the public tends to blame him for high food prices. He has his problems. (OFFICIAL USE ONLY)

PSYCHOLOGICAL1. Local Press Reaction

CHANGE OF CABINET - The prospective change in Brazil's parliamentary cabinet has kept the name of Foreign Minister San Thiago Dantas prominently in the limelight editorially. Folha de São Paulo summed up an editorial on the subject saying that "in spite of his personal qualities, good as they may be, San Thiago Dantas does not fulfil the requisites (for Premier)." For O Estado President Goulart has only two alternatives: "To preserve institutions by keeping the present War Minister, or to choose subversion by promoting his Foreign Minister to President of the Council (Prime Minister)." The paper contrasted Dantas' "liberalism" with NEHRU's: while the former closed the Communist China news agency "HSINHUA" in Indian territory, Dantas permitted it to open an office in

Brazil -- the only one in Latin America except for Cuba's. Adding up all factors, O Estado tersely summarized: "We are on the eve of a fight for life or death between liberal democracy and the political heirs of former dictator Getulio VARGAS."

GOVERNORS' CONFERENCE IN ARAXÁ - Editorialists were again divided on the result of the Araxá Governors' conference. A Gazeta and Correio Paulistano felt that it was not too useful; Diario de São Paulo and Folha de São Paulo were of the opinion that it served some purpose, while A Hora observed that it was only partially effective. Reason for the divided judgment: Brazil's parliamentary system. Confided a Northeastern Governor to Folha's columnist Tavares de MIRANDA: "As far as questions connected with the Federal administration are concerned, now any Minister or any Deputy is more powerful than a Governor."

SOVIET ATTACKS AGAINST THE EUROPEAN COMMON MARKET - Folha de São Paulo and Correio Paulistano saw the Russian attacks against the European Common Market as a sign of the economic weakness of the Soviet Bloc. Folha stated: "The present Russian opposition to the ECM is due to the fact that it tends to unite Europe in a bloc even stronger than the Soviet aggregation or the United States; thus, the USSR would have near its borders not separate European nations, but a new great power, perhaps the strongest in the world." Commented Correio: "Everything points to the fact that we are seeing an extension of the Cold War to the economic field," and explained this reasoning with an example: "The contrast between the successful democratic free economy of West Germany and the failure of East Germany's directed effort is a picture the Communists cannot hide -- and this fact permanently irritates them."

CUBA - Commenting in his own press organ, O Dia, on his personal meeting with Fidel CASTRO, Adhemar de BARROS, presently running for Governor of São Paulo State, recalled his disagreement with the Cuban dictator and their unfriendly conversation. "It took place not long ago. Later events showed who the man was -- a knife in the back of the Americas; KHRUSHCHEV's man of confidence; the Communist spearhead pointed against our Christian and democratic traditions." (UNCLASSIFIED)

Daniel M. Braddock
Daniel M. Braddock
Minister Consul General

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TO : THE DEPARTMENT OF STATE, WASHINGTON.

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SUBJECT: THE ARAXÁ CONFERENCE OF STATE GOVERNORS

After a couple of postponements, the State Governors met at Araxá, western Minas Gerais, on June 8-10 to discuss economic and political problems of nationwide import. The Conference was promoted by Governor Magalhães Pinto of Minas Gerais and, the Consulate is informed, had the complete support of President João Goulart.

Although the President was not present at the Conference, he sent a representative. Of the 21 Governors, 18 were personally present, and the other three -- those of Espírito Santo, São Paulo, and Rio Grande do Sul -- were represented.

The Governor of Espírito Santo was absent for genuine reasons of health. Governor BRIZOLA, of Rio Grande do Sul, is said to have decided not to go to the Conference in order not to get entangled with Guanabara's Governor Carlos Lacerda, an adversary he apparently fears. As it turned out, Governor Brizola's representative, his ultra-nationalist Secretary of the Interior Brochado da Rocha, got into a heated argument with Governor Lacerda over the question of whether Communism or Fascism posed the greatest danger to the country. Governor Lacerda argued that the Conference should emphasize the danger of Communist subversion, and Brochado contended that on the contrary Fascism should receive the emphasis. The question was finally resolved in typical fashion by Governor Magalhães Pinto who proposed the inclusion of both anti-Communist and anti-Fascist resolutions and suggested that the emphasis should be on the need for basic reforms.

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Disp. No. 36
From Belo Horizonte

The absence from the meeting of São Paulo's Governor Carvalho FINTO is reported to have been motivated by the fear that his presence at the Conference would tend to deflect the spotlight from his electoral campaigning since by and large the issues to be debated there coincided with his own.

1. Purposes of the Meeting

Aside from the personal motivations on the part of the main protagonists, the Conference was animated by a desire to: 1) focus the weight of public opinion on the urgent need to find solutions for the present economic and political crisis; 2) compel the Federal Government to move forward from its static position; and 3) sharpen the issues for the electoral campaign. The bulk of the Conference was taken up with the discussion of economic and political proposals leading to the formulation of recommendations to the Federal Government for their enactment. Most of them dealt with basic reforms in the country's economic, political, and administrative institutions and policies.

The outline of a National Emergency Plan, the main purpose of which will be the procurement and control of food supplies for the population, was proposed by Governor Magalhães Pinto and approved by the Governors. As was the case with the recommendations, the implementation of this plan was left up to the central government. Implicit in these recommendations was the requirement or expectation of increased responsibility and rights for the states.

2. Recommendations on Basic Reforms

Following is a summary of the main recommendations made by the Conference:

- 1) Control of inflation as a fundamental prerequisite to the restoration of normalcy. Reforms are virtually impossible if inflation is not brought under control;
- 2) Electoral reform to institute the single ballot for all elections, circumvent government and economic influence in elections, and mechanize balloting procedures;
- 3) The political party system to adopt primary elections for elective executive offices, and the selection of candidates to be made under the direction of the electoral tribunals which will watch over party finances. The existence of a party is to depend on its ability to elect a specified minimum number of Federal deputies;
- 4) Agrarian reform policy to be designed so as to guarantee an adequate return to the farmer and better living conditions to the worker. While the central government is to be the policy-making body, the state will implement that policy. Agrarian reform is to extend to the rural worker, after necessary adaptations, the labor legislation that applies to the urban labor force. Land is to be made available to the worker, through expropriation if necessary, with compensation provided in the form of national bonds and shares in public

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FROM: RIO DE JANEIRO
TO: Secretary of State
NO: 2999, JUNE 21, 2 PM

PRIORITY

FOLLOWING FROM BRASILIA

1. EVERY INDICATION IS THAT DANTAS HAS BEEN UNABLE REACH AGREEMENT WITH PRINCIPAL PARTIES FOR FORMATION CABINET AND IS EXPECTED ANNOUNCE FAILURE SHORTLY.

2. HERBERT LEVY, PRESIDENT UDN TOLD EMBASSY OFFICER LAST NIGHT HIS PARTY HAD DECIDED DEFINITELY OPPOSE DANTAS NOMINATION AND IF MATTER REACHED VOTE 70 TO 80 PERCENT MEMBERS WOULD VOTE AGAINST HIS INVESTITURE. ADDED THAT DANTAS HAD TALKED TO HIM AT GREAT LENGTH THAT MORNING AND THAT PROGRAM HE INTENDED CARRY OUT EXCELLENT ONE BUT HE AND PRINCIPAL PARTY MEMBERS HAVE REACHED CONCLUSION DANTAS "MORALLY UNRELIABLE". SAID AMARAL PEIZOTO HAD INFORMED HIM PSD WOULD ALSO VOTE 80 PERCENT AGAINST DANTAS IF CAME TO SHOWDOWN. THIS CONFIRMED THIS MORNING IN TALK WITH PSD LEADER DEPUTY JOSE ALKIMIM WHO SAYS PARTY MEETING LAST NIGHT VOTED OPPOSE DANTAS AND THAT LATTER NOW FINISHED. PSP SENATE LEADER SAYS HIS PARTY HAS ALSO DECIDED JOIN PSD AND UDN IN OPPOSITION DANTAS. ONE PTB LEADER ADMITS DANTAS CANNOT MAKE IT.

3. AGREEMENT RATHER GENERAL THAT THIS FINISHES DANTAS "WHO NOW WILL BECOME ONE OF 327 DEPUTIES" (A SOURCE CLOSE TO PRIME MINISTER NEVES THEORIZES GOULART PLANNED IT THIS WAY WORRIED ABOUT DANTAS PLAY FOR POWER THREATENING HIS OWN) AND THAT PRESIDENT'S PRESTIGE NOT INVOLVED.

4. NO HARD

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Verified by Rmg

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INCOMING TELEGRAM

Department of State

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Action
ARA

Control: 17728
Rec'd: June 22, 1962
7:10 p.m.

RIO 3012

FROM: Rio de Janeiro
TO: Secretary of State
NO: 3012, June 22, 6 p.m.

EST/10
INFO: file
AM/FI FILE: file
EST/10-10
6-27-62

PRIORITY

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Following from Brasilia

1. PSD made public note which in essence while declaring support Goulart "admiration" for merits Dantas, insists on ability PSD backed by majority Congress "form government with firm and irreversible commitment carry out energetic and decisive program meet grave problems country faces." UDN also released note operative portion which says party bench majority "did not pronounce favorably with respect to name Professor Santiago Dantas for post Prime Minister."
2. Aside from Commie and crypto-Commie press, only ULTIMA HORA and JORNAL DO BRAZIL now insisting on Dantas nomination. Bulk press playing developments straight reporting accurately unfavorable reaction Dantas indication. Two dailies mentioned pulling all stops support Dantas claiming despite turning down party leadership Dantas found sufficient support parties rank and file inform President can form cabinet. Both dailies playing turndown as evidence dominance reactionary status quo elements over liberal reform group capable saving country from chaos which could put Goulart in position analagous to that which led Vargas suicide and Quadros resignation.
3. Soz hints that bank employees and other Commie dominated unions will strike and students agitate if Dantas turned down.
4. ULTIMA HORA insists Goulart has agreed submit Dantas name Congress and POL commentator sees advantages therefrom (A)

732.13/6-22-62 XRP 3012
XRP 732.001 XRP 3012

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INCOMING TELEGRAM

Department of State
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Control: 17728
Rec'd: June 22, 1962
7:10 p.m.

RIO 3012

46-M
Action
ARA

FROM: Rio de Janeiro
TO: Secretary of State
NO: 3012, June 22, 6 p.m.

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PRIORITY
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FOREIGN SERVICE DESPATCH

732.00/6-2262

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FROM : American Consulate General, RECIFE

192 NO.

June 22, 1962

TO : THE DEPARTMENT OF STATE, WASHINGTON.

JUN 25 1962

REF : Embassy Despatch 891

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| REC'D 6-30 | | | AIR | ARMY | CIA | NAVY | OSD | OCB | USIA | NSA | | | | | | |

SUBJECT: BRAZILIAN ELECTIONS, 1962: Key Political Personalities in Pernambuco.

In response to a request from the Embassy, Brasilia, the enclosed partial list of key political personalities in Pernambuco is submitted as part of the series of pre-election reports. The list represents the initial effort of the Consulate General, in cooperation with other agencies represented at the post, to identify and classify, under the Embassy's set of defined categories (see referenced despatch), these persons who wield considerable political power and influence in Pernambuco.

The list includes persons who are directly involved in politics, such as President of the State Assembly PAULO GUERRA, and others who do not enter directly into the game of politics but who have a substantial indirect influence, such as GILBERTO FREYRE and ANITA PAES BARRETO. For the most part, federal deputies and senators were not included in the list since they were all covered in Consulate General's despatch 176. The list obviously is not all inclusive, and the Consulate General has already started to prepare a second report covering other personalities.

While this report covers only a handful of the most important political figures in Pernambuco, it is thought to be fairly representative of the whole state in its proportional breakdown into the given categories. It will be noticed immediately that of the thirty seven persons included, only three fall into Class IV and only four into Class V. This points up what is probably the most serious malady in the Northeastern political picture: the absence of a strong, balanced, numerically influential, democratic left and center. Political instability will probably reign in this area until the moderate left and center are strengthened by the infusion of new blood. The disturbing

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K. J. L. D. A. S. G.

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Disp. No. 192
From Ancarani RECIFE

trends of the last few months in particular have served the purpose of awakening a spark of reform in certain sectors, but only a spark. Events of the next few months will have a decided impact on the future of the area. The activities of the SUDENE and the Alliance for Progress, finally getting underway, offer some promise of change in the right direction, albeit much delayed.

Eugene Delgado-Arias
E. Eugene Delgado-Arias
Consul General

Enclosure: *att!*

1. List of Key Political Figures in Pernambuco.

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Desp. No. 192
From Amconsul RECIFE

LIST OF KEY POLITICAL FIGURES IN PERNAMBUCO.

GROUP I

GERMANO CORELHO: Head of Prefeitura's Department of Documentation and Culture and President of Movimento de Cultura Popular. Is nephew of Bishop DOM CARLOS CORELHO. Regarded as Communist. His wife was co-author of recently issued MCP primer and is also regarded as Communist. He has been mentioned as ARRARES' choice to succeed him as Mayor of Recife.

GILBERTO AZEVEDO: Trade Union leader. Secretary General of CONSINTRA and President of Bankworkers. PCB member and one of top Communists in Northeast. Known to be strong Arraes supporter. Lately said to be candidate for Federal Chamber of Deputies.

CLAUDIO BRAGA: President of Railway Workers Union and President of CONSINTRA. PCB member. Candidate for State Assembly in October. Also backs Arraes.

GROUP II

ANITA PAES BARRETO: Director of Child Education, Movimento de Cultura Popular. A well known Catholic laywoman, intelligent, good educator. Reported to have consulted her confessor before accepting MCP position. Now feels that Arraes represents "good" force. (Useful innocent)

PAULO FERREZ: Director of Adult Education, Movimento de Cultura Popular. Also university professor and head of University's new cultural extension program. Favors Arraes. (Fellow traveler)

SERGIO MURILO: PRT. State Assemblyman. Said to be anti-American and pro-Cuban. Visited Cuba. One of the leaders of PRT.

ALMAYN SAMPAIO: PRT. Cousin but political enemy of Governor CID SAMPAIO. Pro-Castro; pro-Ligas Camponesas, and supposedly will support Arraes. (Fellow traveler)

GROUP III

BARBOSA LIMA SOBRINHO: Factual head of local PSB. (See ComGen Despatch 176)

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From Ancensul RECIFE

CLODOMIR LEITE: President Goulart's Advisor for the Northeast.

WICANOR LEITE: Brother of Clodomir and President of the State FIB. As of December 1961 was member of Comite de Legalidade of the FNL.

ESMARACDO MARROQUIN: Number two man on the Jornal de Commercio. Leftist, extreme nationalist, probably anti-American though usually most cordial to American officials with whom he comes in contact. Not necessarily a Communist. Personal friend and ally of President Goulart, he was one of the Brazilian journalists to accompany Goulart to the United States. He is reported to be impartial in present gubernatorial race but his past history predicts a pro-Araes stance. Is reported to have been invited to attend "Disarmament Conference" in Accra.

GROUP IV

JOSE DO REGO MACIEL: Former Mayor of Recife, former Federal Deputy and also former Secretary of Treasury of Pernambuco. Now President of State Directorate of PSD but dominated by ETHELVINO LINS. Native of Pernambuco and graduate of University of Recife Law School. Cousin of Paulo Maciel, incumbent Secretary of Treasury whom Cid Sampaio favors to succeed him in governor's chair. Jose do Rego Maciel also leaned toward his younger cousin and recently stated that had Paulo Maciel rather than Cleafas gotten the UDN candidacy, the PSD might have supported him.

PADRE PAULO CRESPO: Parish priest of Jaboa, Crespe is in the vanguard of the church element working for rural unionization. It is rumored that Padre Melo and Crespe do not get along well though both are working for the same end and on the surface co-operate well enough.

ANTONIO BALTAR: Vereador in Recife Council. Architect and professor in School of Architecture and School of Fine Arts. Member of leadership of PSB and suplente as Senator in Brasilia. Non-Communist Socialist.

GROUP V

ERINATO BEZERRA DE MELO: President of Federation of Industries of Pernambuco. Although normally regarded as conservative, advocates certain reforms. Though regards Araes as good administrator and capable of providing efficient government, is against him politically because he feels Araes is too far to the left. At present supporting ARMANDO MONTEIRO FILHO, but will back any anti-Araes candidate.

APOLONIO SALES: Former Senator, former Deputy, former Secretary of Agriculture of Pernambuco, former Minister of Agriculture, now President of CHSF. Resigned from Senate in 1956 with hope of being PSD candidate for Governor in 1958. Very prestigious figure though said to have been

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Desp. No. 192
From Ascension RECIFE

under complete domination of Etelvino Lins. A moderate himself, he is tied to the Azevedes and CATENINI because old Costa Azevede raised him. A graduate agronomist from the School of Agriculture of Pernambuco, he is regarded as one of the real experts on the Northeastern sugar industry. Visited Hawaii and the United States in 1935 to study sugar industry there and wrote a book on Hawaiian sugar. Perennial potential candidate for Governor.

MONSIEUR MANOEL DE BARROS BARRETO: No. 2 man in the Archbishop's palace. It is said that he may be the force behind the throne of the Archbishopric, that the Archbishop allows him to take initiative in many matters. Indirectly very influential in view of Church's influence in local politics. (Accae Catholics and its six branches also influential.)

ROBERTO CABRAL DA COSTA: From sugar family. Minister of Agriculture under JANIO QUADROS and regarded as leading "Janista" in Pernambuco. His final position in the gubernatorial race will probably depend to a great extent on Janio. His name has also been mentioned as a candidate for Governor's

GROUP VI

JOSE da COSTA PORTO: Now Director of the Diarie de Pernambuco and a director of the Banco do Nordeste, Costa Porto has been Minister of Agriculture (briefly, under CAFE FILHO), President of the Banco do Nordeste, and a federal deputy. Costa Porto is intelligent, strongly anti-Communist, and conservative personally, though the Diarie continues to be one of the strongest voices for reform in Pernambuco.

PAULO GUERRA: President of State Assembly, member of State Directorate of PSD. Strong Catholic. Was Delegado de Policia in Recife years ago when Etelvino Lins was Secretario de Seguranga of Pernambuco. Also served as Mayor of two small interior towns and as Federal Deputy from Pernambuco. A native of Pernambuco, Guerra has law degree from University of Recife, and is reportedly wealthy. Has most influence in region around Carpina and Limoeiro. Guerra is regarded as an intelligent, honest and moderate politician. Though he has co-operated on many issues with Sampaio's UDN administration, Guerra has frequently criticized the Governor. Said to be supporting Arraes for Governor out of party discipline.

HELIDIO BRANCO: Veteran State Deputy, he forms part of the leadership of the PSD. Said to be supporting Armando Monteiro Filho. Primary influence is around Garanhuns. Strongly anti-Communist.

ANTONIO FERREIRA: Former Mayor of Recife but lost in race against Arraes in 1959. Resigned from State Directorate of PSD when PSD supported LOTT in 1960, but resignation never accepted. Now supporting Armando Monteiro Filho. Said to be planning to run for Mayor of Recife in 1963.

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From Amconsul RECIFE

HELIO COUTINHO: Very conservative. Ban Nazarro sugar eugenho. Former Senator. Member of PSD State Directorate and said to be supporting Monteiro Filho.

THE AZEVEDO BROTHERS. (Dominguez, Jose and Benjamin) Extremely influential. Pro-U.S., close friends of Governor JURACY MAGALHANS. Control Fosforita Olinda, CATENDE, and Usina Laranjeiras. All very conservative.

MIGUEL VITA: Wealthy businessman. Moderately liberal, progressive, violently anti-Communist. President of several business associations. Former President of Federation of Industries of Pernambuco and was Vice-President of National Confederation. Teams up with Renato Bezerra de Melo frequently. Definitely against Arraes. He, along with Bezerra de Melo, seem to be pushing Armando Monteiro Filho's candidacy at present time. Favors moderate reforms.

ANTONIO NEVES: Former President of State Assembly. Leader of PTB in State Assembly and part of State PTB leadership. Regarded as an effective legislator. Running as suplente for Jose Eraldo de Moraes for Federal Senator.

ANTIOGENES CHAVES: Vice President and Director of Fosforita Olinda, Usina Catende, and several other business enterprises. Chaves is one of the most widely respected figures in Pernambuco. Chaves was mentioned as a possible compromise candidate for Governor against Arraes, but took himself out of the picture by stating that he would not accept the nomination. He feels that he can operate with a freer hand if he occupies no official position. Chaves' own preferred candidate for Governor is PAULO MACIEL, Secretary of Fazenda, but he would also gladly support Federal Deputy OSWALDO LIMA FILHO. Chaves is anti-Communist and pro-American. He supports moderate reform. Although he classified himself as a member of the democratic center, the Consulate General regards him as a moderate conservative.

JURDÃO EMERENCIANO: Chief of the Civil Household of the Governor's Palace, Professor at the University of Recife, Director of the State Archives. Emerenciano is one of the leading intellectuals in Recife and has the reputation of being Pernambuco's best orator. He is a devoted follower of Governor Cid Sampaio and a strong anti-Communist figure and is masterminding the IV Army-Sampaio administration psychological campaign against Miguel Arraes. Emerenciano favors Paulo Maciel for Governor but can be expected to support any candidate backed by Sampaio. Emerenciano's conservative views are best expressed in his description of himself as a "philosophical monarchist."

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GILBERTO FREYRE: The world-renowned author-sociologist continues to command a position of maximum respect within Recife's intellectual set, but his influence among members of the younger generation is declining. For many years Freyre has maintained a rather aloof attitude toward politics but seems to be displaying an active interest recently in Brazil's current political problems. Freyre is a representative of the Ministry of Education on the SUDENE Deliberative Council. He believes in the need for SUDENE-type projects and reforms but is opposed to Celso Furtado. Freyre was mentioned also as a possible compromise candidate for Governor. He has stated that he wanted the nomination but that President Goulart turned down the suggestion of his name. Freyre is closely allied to Governor Cid Sampaio, and can be expected to support, in his own fashion, any gubernatorial candidate opposed to Arraes and acceptable to Sampaio.

GROUP VII

RUI CARNEIRO DA CUNHA: President of Cooperativa dos Usineiros. Owner of Usina Timboassu, Usina Barro de Sussuama, Usina Massuau. Brother-in-law of Jose Cleofas. Practicing Catholic. Well regarded by Church authorities. One of the wealthiest men in Pernambuco. Shrewd politician through he does not enter political races himself. Represents 400 years of Pernambuco aristocracy. Reactionary. Father was Governor of State. Cleofas' strongest supporter. Reported to have threatened to support Arraes if Governor Sampaio tried to get the UDN to nominate Paulo Naciel instead of Cleofas.

COLONEL ROBERTO PESSOA: Career Army officer, formerly Secretary of Public Safety in Pernambuco. Recently reassigned to Pernambuco in IV Army General Staff. Appointed "Interventor da Seca" or some such thing by Armando Monteiro Filho. Pessoa is reported to be ready to resign or seek leave of absence from Army to accept presidency of local PSP. An emotional and violent anti-Communist. Pessoa may be candidate for Federal Deputy himself.

FRANCISCO FALCÃO: State Assemblyman. Regarded as spokesman for sugar industry. Anti-SUDENE and Celso Furtado. Reactionary.

GROUP VIII

WENTON CARDOSO: President of local PSP. Reportedly has in past received some PCB backing. Now supporting Arraes. There is a question of whether he belongs in Class II or Class IV that will be resolved only when additional information is available.

PADRE ANTONIO MELO: Parish priest of Cabo now attempting to gain recognition as head of peasant movement for land reform, thus undercutting what support Juliao may have. A radical reformer, Melo apparently has a charismatic personality that may carry him to a position of real political influence. At the present time, it would appear that his influence among

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politicians is limited, but he is extremely popular among the masses and could sway public opinion for or against a given candidate. Melo is not regarded to be a particularly stable or level-headed person. He will defy categorization until he defines himself more precisely.

PINTO FERREIRA: Professor of Constitutional Law at University of Recife. Leftist follower of HAROLD LASKI. Said to exercise considerable influence but only indirectly and on persons of leftist persuasion or members of intelligentsia. Was recently appointed director of COMAP, a political hot potato. There is a question of whether he belongs in Class II or Class IV.

JOSE ERMIRIO DE MORAIS: Wealthy industrialist with operations centering in Sao Paulo, though active in Pernambuco and other states as well. Native of Pernambuco, from wealthy sugar family. Partly educated in United States, having studied at both Baylor University and Colorado School of Mines. Nominated for Senator of PTB. Nationalist. Supporter of Quadros. Said to be supporting Arraes and many say that if PTB supports Arraes, Moraes will be the man responsible for it. Also lately considered to be candidate for Governor, said to be President Goulart's choice. Moraes is anti-trust but only if the trust is foreign. Those who know him will say he is not a leftist, that he identifies himself with the left in this campaign because he believes the left to be the easiest route to victory.

FRANCISCO PESSOA DE QUEIROZ: Owner publisher of Diario da Noite and Jornal do Comercio plus Recife television station and several radio stations. Former diplomat. Member of wealthy and influential Pernambuco family. May be conservative himself but apparently unwilling or afraid to crack down on Communist elements in his employ. Great egoist.

Pessoa de Queiroz, more than any other person in Pernambuco politics, seems to be a sheer opportunist, unwilling to take a public stand on any issue, unwilling to align himself with any political group or party. On the basis of his reputation locally and his campaign so far it is concluded that Pessoa de Queiroz is a category by himself.

CONTRIBUTORS:
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APFriszell
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Campos has not heard anything from Brazil about future Furtado. Heard rumor here and has inquired but received no reply.

His judgment of situation is close to yours. On balance feels departure would not be tragic if replaced by someone who was good operator and little more practical in approach to personal relationships with people in area.

RIO 3768

732-100/6-22-62
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BALL

revised by BMB

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Telegraphic transmission and classification approved by: ARA - Edwin X. Martin

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FROM : Amembassy Rio de Janeiro 1036 NO.
TO : THE DEPARTMENT OF STATE, WASHINGTON. DATE June 22, 1962
② when rec'd in Dept JUN 28 1962

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SUBJECT: Brazilian Election Report No. 11 - Books on Brazilian Elections and Related Political, Economic and Social Matters

Four copies each of two recent publications by Brazil's Superior Electoral Tribunal on this country's congressional, gubernatorial and state assembly elections of 1958 and the presidential and gubernatorial elections of 1960 are forwarded under separate cover. Their titles are:

1. Dados Estatísticos - 4º Volume - Eleições Federais, Estaduais, realizadas no Brasil em 1958, e em confronto com anteriores. Departamento de Imprensa Nacional, 1961.
2. Estatística das Eleições de 1960 - Presidente e Vice Presidente da República--Governadores e Vice Governadores. Departamento de Imprensa Nacional, 1961.

These volumes are prime sources of election statistics relating to the present congress and incumbent governors. They, along with three prior volumes published by the Superior Electoral Tribunal on previous Brazilian elections dating back to the end of the Vargas era in 1945, have been used intensively by the Embassy in its current series of reports on "Brazilian Elections - 1962."

In a further effort to provide the Department with reference material relating to the current political scene, the reporting officer has canvassed local book stores for recent books on Brazilian political, economic, and social developments, thought, and personalities. The result is embodied in the attached bibliography of books which are being forwarded (two copies each) to the Department under separate cover.

Several of these books deal with the resignation of ex-President Janio Quadros and the August crisis. Others deal with longer range Brazilian history, and with political and constitutional matters. Some are devoted to economic matters--inflation, agrarian reform.

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Page 2 of
Encl. No. _____
Desp. No. 1036
From Rio de Janeiro

Brazilian industry and economic development--with important social and political implications. Several are concerned with Brazilian foreign relations. Most are heavily laden with author bias. The majority of the authors are leftists; some are out-and-out communists preaching revolution. The various points of view, however, are easily discerned, and once discerned, are of interest in themselves as well as for the events, theories, and factual information that accompany them.

Enclosure: *act*
As stated.

For the Ambassador

APPROVED BY:

Niles W. Bond
Niles W. Bond
Deputy Chief of Mission

Robert W. Dean
Robert W. Dean
First Secretary of Embassy

DISTRIBUTION: AMB; DCM; All Consulates in Brazil; Service Attaches, USIS; Econ (2); Labor; Legal; Pol. Brasilia (5); Pol. Rio (5); Pol. II (3); Min. Saccio, CG Henderson; CF (3).

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Encl. No. 1
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From Rio de Janeiro

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TO : THE DEPARTMENT OF STATE, WASHINGTON.

June 22, 1962
DATE

REF : Weeks No. 12, dated March 27, 1962

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SUBJECT: Struggle in Rio de Janeiro State Legislature Hurts PSD Locally

Summary

When members of the Legislative Assembly of the State of Rio de Janeiro held their first session of the year in March, the first order of business, as always, was the election of Assembly officers. More than usual interest attended the election, for the new Assembly President seemed slated to become interim Governor after July 7. On that date Governor Celso Peganha (PSD), was expected to leave office, as required by the Constitution, in order to run for Senator from Rio State in the October election. Since Peganha, elected Vice-Governor, had succeeded Governor Silveira after the latter's death last year, the Assembly President was next in line. In the Assembly elections the official count was 42 to 12 for Carvalho Janotti, PSD. But Peganha's hand-picked candidate, Jose Kezem (also PSD) and his supporters counted noses, and they discovered 34 had voted for Kezem. Protesting fraud, on March 20 they walked out and set up their own assembly. Though a compromise was quickly proposed by Federal Minister of Justice Alfredo Nasser, it was not accepted until April 14. By then reports of graft, subordination, and gambling pay-offs had become so widespread as to threaten Celso Peganha's political future as well as to indicate that the dominant position in Rio State of the Social Democratic Party (PSD), to which all the principal disputants belong, might be seriously eroded in the next election.

With their acceptance April 14 of Federal Minister of Justice Alfredo Nasser's compromise proposal, battling Rio de Janeiro State politicians ended their month-old internecine war. It was a war in which almost all the participants were losers. The struggle produced revelations of graft, fraud, and selfish politicking inevitably damaging to Governor Celso Peganha and Assemblymen Carvalho Janotti and Jose Kezem, the main figures in the dispute. All are members of the PSD (Social Democratic Party), whose heavily dominant position in the state as well as

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in the legislature may, as a consequence, be seriously threatened.

As reported in the referenced Weeka, 34 protesting Rio State assemblymen walked out of the Legislative Assembly March 20 and set up their own legislative body in separate quarters. They charged that a nose count after the Assembly's opening session election of officers indicated they had all voted for Jose Kezem for President of Assembly, though the official tally gave the count as 42 to 12 in favor of opposing Carvalho Janotti. Janotti had presided over the elections and the vote-count.

At issue, apparently, was the succession to the Governorship of Rio de Janeiro. Governor Celso Peqanha, elected Vice-Governor, had assumed office after the death of Governor Roberto Silveira in 1961. The state constitution places the President of the Legislative Assembly next in line of succession. Peqanha had indicated his intention to step down July 7 this year (as constitutionally required) in order to run for Senator from Rio in the upcoming elections. Janotti, even though of the same party, was unacceptable to Peqanha as his successor. The Governor, who has been accused of ignoring party claims on his patronage powers in favor of supporting and appointing figures he could make personally responsible to him, preferred Kezem. Later developments appear to bear out the claim that his principal interest in hand-picking his successor lay in assuring that he continue on the receiving end for lucrative pay-offs (estimated at one million cruzeiros daily) from Rio State's illegal but unharassed gambling operations.

Weeks of maneuvering, counterproposals, and threats of Federal intervention followed the legislators' walkout. The two assemblies continued to meet separately. President Goulart and Minister Nasser declared their hope that the dispute could be resolved without intervention. Nasser early (March 21) suggested a compromise solution whose key provision proposed a constitutional amendment allowing for special legislative election of a Vice-Governor. Both sides were at various times, but until the end never simultaneously, reported as finding the solution acceptable. Peqanha was probably the main sticking point. From all accounts the election should properly have gone to his candidate (though he reportedly bought much of Kezem's support). But personal pique probably played less a role in his holdout than confidence: he had the stronger position (one observer told the reporting officer); for in the circumstances, Federal intervention would affect the Rio State legislature, not the executive.

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The Policia Militar, a paramilitary but civilian police organization (not to be confused with US-type MP's), broke the stalemate. The PM's had been seeking a 40% pay rise. Peganha opposed it. Janotti's assembly, however, passed a bill granting the increase. Peganha was ignoring the acts of both assemblies on the grounds that in the absence of a judicial decision he did not know which was legally constituted. Reportedly encouraged by Janotti, noncommissioned PM officers began April 10 raiding "jogo de bicho" (numbers game) establishments in Niteroi, the state capital. On April 12 the legislators announced they had accepted Nasser's compromise.

In subsequent days the two assemblies reconsolidated, elected Janotti their President, amended the Constitution and chose Kexem Vice-Governor. Peganha had a bill introduced April 13 authorizing a 40% pay rise for the Policia Militar.

Peganha's reasons for accepting the compromise were abundant. He was being hurt politically not only by charges of corruption but by legislative inaction; for one thing, a kind of tax-paying strike had seriously reduced collection of state revenues. The two assemblies were expensive. But most important, perhaps, was the sudden susceptibility of the executive branch of the Rio de Janeiro government to Federal intervention after the Policia Militar gambling raids exposed executive laxity in law enforcement--if nothing worse. Moreover, the pay-offs had stopped.

Janotti's attitudes throughout and his final acceptance of the compromise are less intelligible. But some informed guesses can be made.

Janotti probably started out with his eye on the Governor's office. But the extended standoff between the two assemblies was doing his political future no good. Moreover, Federal intervention--sure to hurt him--was an ever-growing likelihood. But the key was probably that the prize was suddenly no longer there. For from all accounts, politically embarrassed Peganha seemed to decide, in mid-battle, that he would not leave the Governor's office to run for Senator from Rio. He would instead run for Federal Deputy from neighboring state Espirito Santo, which would not require that he step down. He would need no successor. It therefore became Janotti's self-interest to accept the half-leaf, the Presidency of the Legislative Assembly.

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The story has an epilogue, however, one which must have given Janotti a moment of bitterness, if the foregoing explanation of his acceptance of the compromise is valid. Paganha has now canceled his plan to seek Federal office from Espirito Santo and resumed his original intention to enter the Senatorial contest in Rio State. His turnabout was probably the result of a bill introduced late in April in the Federal Chamber of Deputies whose main provision would prevent maneuvers of this kind, forbidding officials of one state to retain their jobs while engaging in Federal elections in another.

The press has given the Rio legislative struggle ample coverage. There has been considerable editorial comment also, but most of it merely lamented developments during the struggle and then recited benedictions over the settlement. The most incisive comment came from distant Estado de São Paulo, which claimed that the settlement was reached only after Celso Paganha was promised a lifetime judgeship, and his wife a lucrative state notarial commission. The accusation may prove well-founded, but at the moment it is difficult to determine how the deal would fit into the picture. Corraio da Manhã welcomed the bill which would end what it called the "dance of the Governors".

Whatever happens, several conclusions may be drawn. Celso Paganha has so discredited himself in Rio de Janeiro that even he, his actions show, doubts his ability to win another office in the state. The PSD's heavy dominance in the state has been shaken, not only because its image has been tarnished but because its internal organization has been damaged. The UDN (National Democratic Union), with the best political organization in the state, bids fair to gain ground in the upcoming elections. And, of course, one more sad episode has been written in the sordid chronicle of Brazilian politics, though there is no reason to think that even the recent succession of public scandals (police corruption in Guanabara, construction pay-offs in Brasilia) has provoked public revulsion.

Two things did not happen: (1) The PSD did not suffer nationally, probably because party leader Amaral Felixete kept pretty much out of it, and the Federal Government steadfastly pushed a compromise solution. (2) Nobody seems disposed to legalize or eliminate the numbers game ("jogo de bicho").

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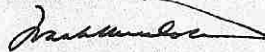
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Rio de Janeiro

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Legalization would kill the golden goose the game represents for the politicians. Elimination of the operators would be politically unpepular, for the public likes the game.

For the Ambassador:




Frank Nicoletta
Third Secretary of Embassy

Enclosure: *ntx* 1

by [unclear]
Memorandum of Conversation
dated April 24, 1962, with
Rio de Janeiro State
journalist.

APPROVED:



Miles W. Bend
Deputy Chief of Mission

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Rio de Janeiro

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MEMORANDUM OF CONVERSATION

DATE: April 24, 1962

PLACE: Niteroi, Rio de Janeiro (State)
SUBJECT: Settlement of Rio de Janeiro Legislature Dispute
PARTICIPANTS: Sebastião Costa, Director of Grande Jornal
Fluminense, state-wide news service and publicity
agency
Frank Micoletta, Political Officer

Having previously contacted Mr. Costa and his brother João Baptista for information regarding the split in the Rio de Janeiro State Assembly, I asked him again for whatever further light he might throw on the recent reconciliation between the contending factions.

I asked him first why the compromise proposal offered by Minister of Justice Alfredo Nassar had been accepted at this time and not when it was first put forward, in almost identical terms, several weeks ago. Costa said that Governor Celso Faganha and his faction had been the hold-outs the first time around. Faganha had felt so certain that his candidate was going to win the election for President of the Legislative Assembly that he could not bring himself to accept a compromise, especially since, at that time, Federal intervention did not threaten the Executive, but merely the Legislature. After a while, however, he began to feel the pinch. He was being blamed for the resulting legislative inaction; a tax-payers' strike had cut into state revenues; and when the Polícia Militar (to whom he had refused a pay rise) embarrassed him by raiding "jogo de bicho" establishments he crumbled. Janotti, who had himself been unenthusiastic over Nassar's proposal, warmed up to it as the likelihood grew that Faganha, made fearful of his local voter appeal by the scandals, would not leave the governorship to run for senator from Rio state but for deputy from Espírito Santo, leaving Janotti nothing (that is, the succession) to fight for.

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I brought up the accusations made by Estado de São Paulo to the effect that the agreement was really the result of a deal whereby Peganha was to be appointed Minister of the Court of Audits and his wife given the most lucrative notarial post in the state. Costa agreed that there might be some truth in the charges but thought they were not instrumental in bringing about the reconciliation. As he explained it, Peganha is still uncertain just what he will do. He may not even run for deputy from Espírito Santo. The ministerial appointment is merely a third alternative he is keeping open. Peganha, it would appear, has two main objectives: (1) Continuing to tap the gambling operators, whose pay-offs to him are said to amount presently to one million cruzeiros per day; (2) getting a new public job, preferably a Federal one, which will make him immune from prosecution for graft after he leaves the governorship.

Costa had kind words for Amarel Peixoto, whose conduct throughout he called "exemplary". Peixoto had favored Kexem and the second legislative assembly as having the better claim to legality but kept his support discreet. He was embarrassed by the intra-party haggling and the revelations of corruption and fraud. Peixoto has an interest beyond the ordinary in building up his party, Costa said, for he has his eye on the Premiership some years hence--a good possibility, he thought.

In sum, Costa believed, the PSD and Peganha had been hurt by the Assembly split and the subsequent events. As a result, Peganha is afraid to run for office in Rio State; and there is a good chance that the over-riding majority of the PSD in the state government will be reduced or eliminated in the coming elections. Contributing to this likelihood is the fact that the PSD's organization has been damaged, not only by the internal strife but by the personalized type of administration by which Peganha ran the state. His jobs and favors were distributed not in accordance with intra-party deservedness but along personal lines, so that he could make the beneficiaries personally beholden to him. The UEM has a particularly good chance, said Costa, whose brother may well be the party's candidate.

Comment: Parts of the above should be regarded with skepticism. Costa was eager to please and appear to be of utility. But he was not omniscient, much as he wanted to satisfy my curiosity. For example, what Peganha intends to do in the future is the key to understanding the entire dispute. Costa accepted

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all the contradictory hypotheses, at one time or another, as explanations of given events, other principals' motives, etc. When challenged, he could not adequately explain or reconcile contradictions.

The reason Costa wanted to please me, I think, is that he is interested in getting Alliance for Progress money for Rio State. He told me his agency is planning a campaign to urge the preparation of plans and projects for the state for implementation with Alliance money. He considered me, I thought, an opportunity to get his foot in the door of the Embassy.

What Costa said about the PSD might have been partly inspired by self-interest. He is a UDN man, as his brother's potential candidacy for Governor under the party's banner makes clear, and may have welcomed the opportunity to be critical of PSD politicians.

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I HAVE GRAVE DOUBTS WHETHER WE ARE IN POSITION TO INFLUENCE THIS DECISION ONE WAY OR ANOTHER. I ALSO HAVE MIXED VIEWS ON MERITS. AS YOU KNOW, I BELIEVE BALANCE EVIDENCE CONTRARY REPEATED ALLEGATIONS FURTADO'S COMMUNIST MEMBERSHIP OR SYMPATHY, ALTHOUGH THEY CLEARLY EXISTED UP TO ABOUT 1955. NEITHER PUBLIC NOR PRIVATE STATEMENTS OF RECENT YEARS NOR SUBSTANCE HIS PROGRAM SUPPORT THIS CHARGE. ON OTHER HAND, THERE IS CLEAR EVIDENCE THAT COMMUNISTS OR CLOSE SYMPATHIZERS HAVE BEEN APPOINTED SUBSTANTIAL NUMBER SUDENE STAFF POSITIONS AND FURTADO CANNOT BE IGNORANT THIS FACT. IN RESPONSE

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FURTADO'S PERSONAL CAPACITY AND DEDICATION ARE VERY GREAT. HE NOW GIVES EVERY APPEARANCE OF UNRESERVED GOODWILL TOWARD US, ALTHOUGH THIS NOT ALWAYS SO IN PAST. ON OTHER HAND, HE HAS ANTAGONIZED ALL GOVERNORS OF REGION, PARTLY ON ACCOUNT JURISDICTION QUARRELS BUT ALSO ON ACCOUNT UNDULY INFLEXIBLE POLICIES AND ARROGANT PERSONAL ATTITUDE. THEY ALSO HAVE REAL CONCERN ON COMMUNIST INFILTRATION, AND THEY ARE NOT REACTIONARIES. I AM IMPRESSED BY FACT THAT ALUISIO ALVES, WHO WAS STRONG SUPPORTER AND CLAIMS TO HAVE PLAYED KEY ROLE IN PERSUADING GOULART RETAIN FURTADO LAST FALL, NOW SAYS WOULD RECOMMEND AGAINST HIS CONTINUANCE. ARGUMENT WIDELY MADE THAT FURTADO WAS EXCELLENT FOR BROAD INITIAL PLANNING PHASE, BUT WEAK ON ADMINISTRATION AND EXECUTION.

border I BELIEVE THIS VIEW SHARED BY ROBERTO CAMPOS, AND SUGGEST YOU DISCUSSING WITH HIM.

PROBLEM OF REPLACEMENT OBVIOUSLY OF CRITICAL IMPORTANCE. WE WILL WATCH FOR OPPORTUNITIES INFLUENCE THIS CONSTRUCTIVELY.

GORDON

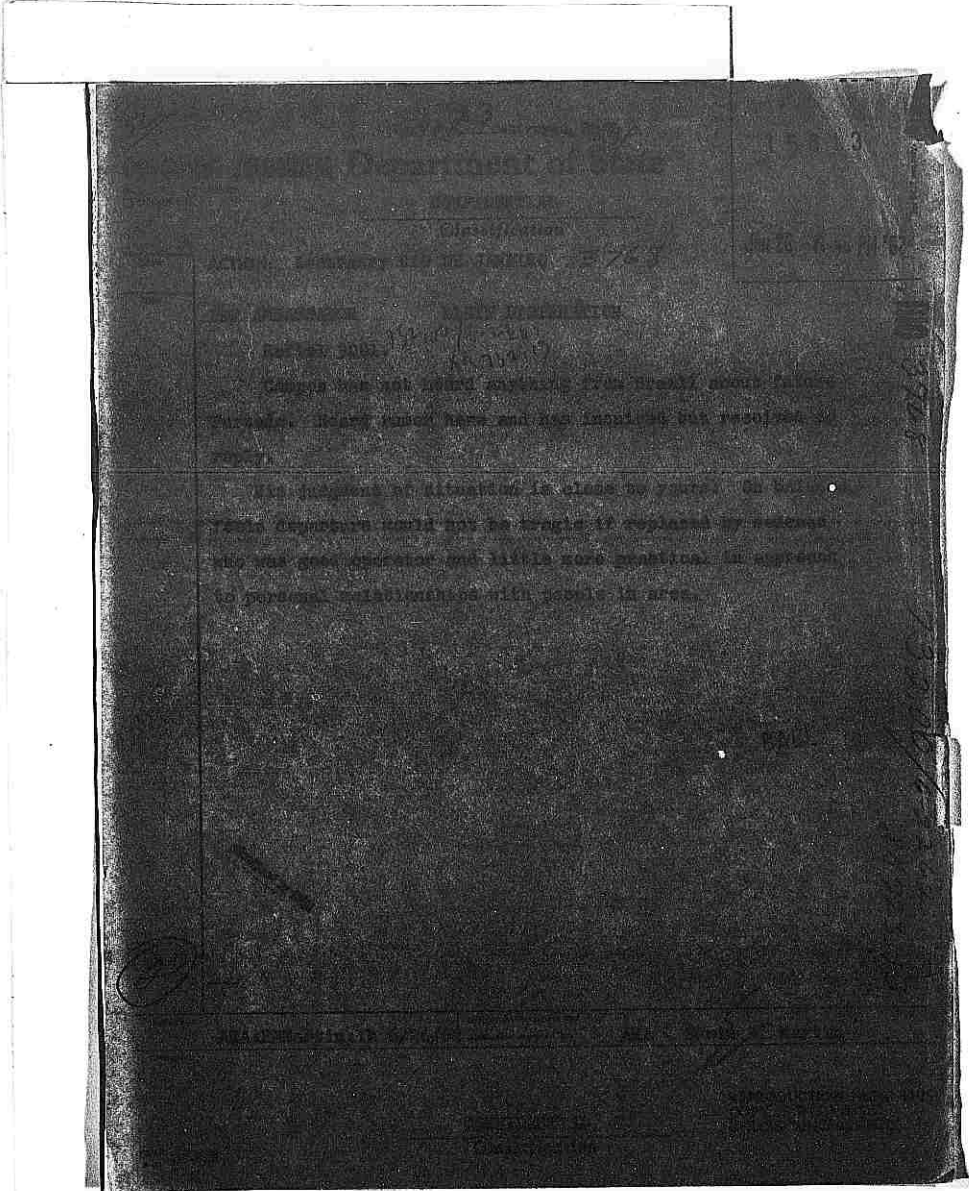
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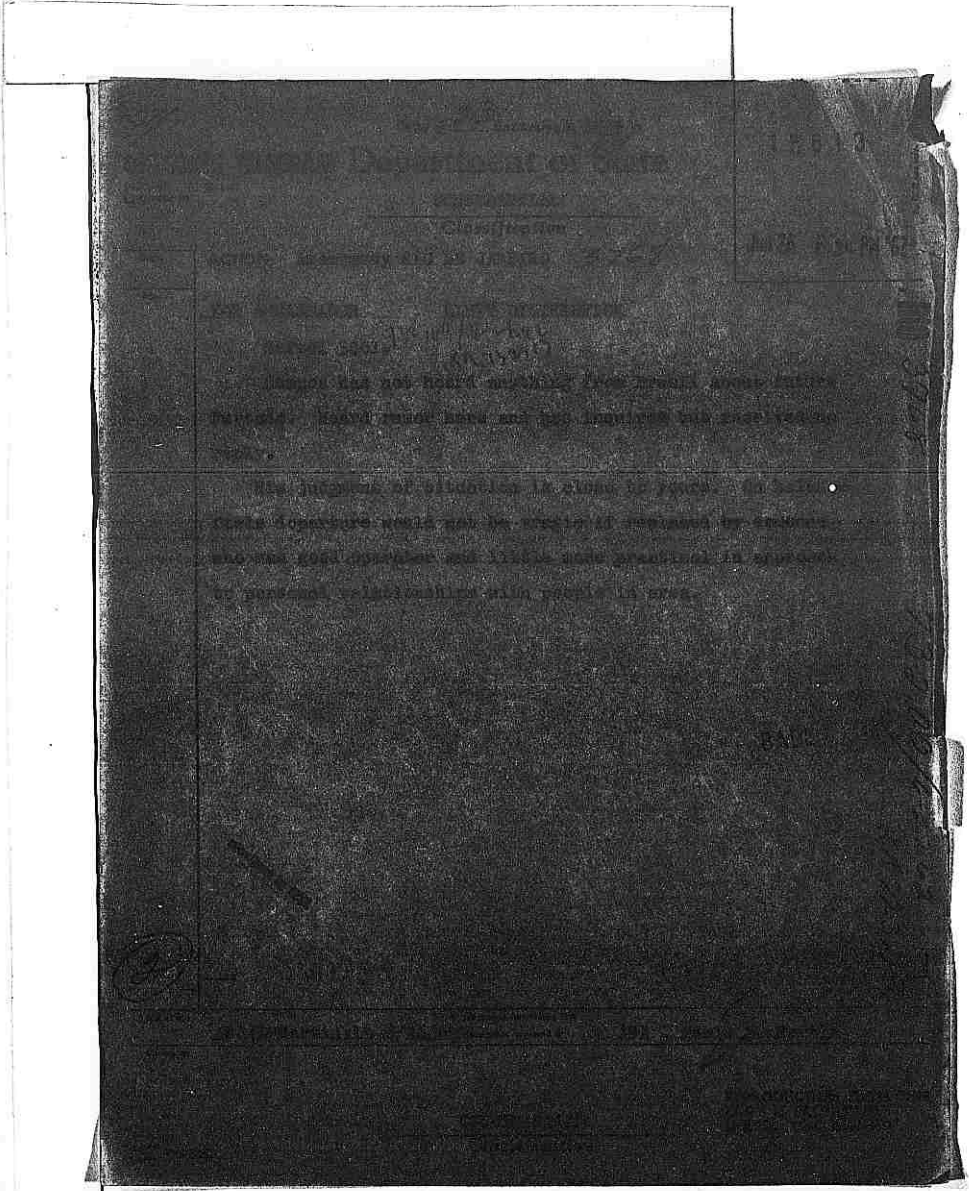
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ACTION: *EBB*

INFO: *file*

RM/R FILES *file*

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1/2/62

ROD
3016

FROM: RIO DE JANEIRO CORRECTED COPY

TO: Secretary of State

NO: 3016, JUNE 23

PRIORITY

FOLLOWING FROM BRASILIA.

DESPITE CONTINUING CONSENSUS THAT PSD AND UDN CONSIDER DANTAS UNACCEPTABLE AS PRIME MINISTER MOST INDICATIONS ARE GOULART INTENDS FORMALLY PRESENT HIS NAME CHAMBER NEXT TUESDAY. DANTAS YESTERDAY ISSUED STATEMENT CLAIMING HIS SOUNDINGS AMONG ALL PARTIES REVEAL GREATER RECEPTIVITY THAN STATEMENTS PARTY LEADERS WOULD INDICATE. HIS STATEMENT AS WELL AS ONE HOUR TV APPEARANCE LATE LAST NIGHT STRUCK MODERATE TONE. DENIED THAT THREATENED STRIKES OF UNIONS AND STUDENTS CONSTITUTE PRESSURE ON CHAMBER. SAID IF INSTALLED WOULD ATTEMPT CALL HALT BOTH TO RISING PRICES AND LABOR DEMANDS FOR INCREASED WAGES. EARLIER IN EVENING ON TV GUANABARA GOVERNOR LACERDA WHO LATELY BEEN RELATIVELY QUIET ON NATIONAL POLITICS ATTACKED DANTAS SHARPLY REFERRING TO HIS PAST AS FASCIST AND ACCUSED HIM OF BEING CAPABLE DELIVERING COUNTRY TO COMMUNISTS.

COUNCIL MINISTERS YESTERDAY TENTATIVELY AGREED APPOINT SUB-SECRETARIES TO DIRECT MINISTRIES DURING INTERREGNUM AS FORMULA FOR ADMINISTRATIVE CONTINUITY WHEN COUNCIL RESIGNS 26. SUB-SECRETARIES WOULD BE PRESENT CHIEFS OF CABINET EACH MINISTRY WITH EXCEPTION FOREIGN AFFAIRS WHERE ARCHER WOULD CONTINUE AND MILITARY WHERE NEW APPOINTMENTS BEING MADE. NOMINATED ARE: WAR-GENERAL JOSE MACHADO LOPES PRESENTLY HOLDING HIGH STAFF POSITION, AIR-GENERAL ARARIGBOIA, PRESENTLY AIR CHIEF STAFF, NAVY ADMIRAL HEITOR DOYLE MAIS. ALL THREE INCLUDING MACHADO LOPES WHO LED RIO GRANDE DO SUL TROOPS IN DEFENSE OF "LEGALITY" LAST AUGUST, GENERALLY CONSIDERED MODERATES AND ANTI-LEFTIST. PRIMIN POST WILL REMAIN VACANT.

GORDON

KEA

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Department of State

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Control: 119294
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RIO 3022

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FROM: Rio de Janeiro
TO: Secretary of State
NO: 3022, June 25, 6 p.m.

7:35 p.m.
RM/R FILES
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6/27/62

PRIORITY

ACTION DEPARTMENT 3022, INFORMATION BRASILIA PRIORITY 54.

RMR

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FINMIN Moreira Salles lunched with me today before departing Rio for "last supper" of present cabinet in Brasilia today. He expects Dantas defeat by Chamber, with maximum 120 votes out of 164 needed. Many deputies will be tempted to remain away, but anti-Dantas ones are being strenuously urged to attend and vote against in order avoid discrediting Congress. Goulart persistence in pressing Dantas attributed by Moreira Salles not too subtle plot to ditch Dantas but rather to Svengali Trilby or Cyrano de Bergerac relationship of intellectual dominance, Dantas presenting move as means for strengthening PTB and possibly Goulart's relative power.

Moreira Salles sees three possible Goulart reactions to Dantas defeat. He may simply proceed to nominate acceptable moderate candidates, such as Moura Andrade, Carvalho Pinto, Antonio Balbino, or (less likely) Oliveira Brito. He may throw down gauntlet to Congress making two other unacceptable nominations and then letting Senate name premier, who probably Moura Andrade.

Moreira Salles also sees substantial chance Goulart might wash hands and resign. This is new and surprising notion to me. Moreira Salles says that in private conversations Goulart has repeatedly mentioned this possibility only to reject it.

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FOREIGN SERVICE DESPATCH

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FROM : Amconsulate, Salvador, Bahia **53**

TO : THE DEPARTMENT OF STATE, WASHINGTON. **June 25, 1962**

REF :

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|-----------------------------|----------------------------|---------|------------------|--------------------------------------|------|------|-----|------|-----|-----|------|-----|------|----------------|---|----|----|--|
| 20 For Dept. Use Only | A C T I O N | ARA-4 | I N T O | D E P T M E N T | RM/R | REP | AF | ARA | EUR | FE | NEA | CU | INR | E | P | IO | IC | |
| | | AGR | | | COM | FRG | INT | LAB | TAR | TR | XMB | | | | | | | |
| REC'D | | 7-12-62 | | | AIR | ARMY | CIA | NAVY | OSG | ODD | OSIA | NSA | Roaf | Rio de Janeiro | | | | |

SUBJECT: Brazilian Elections 1962; II; Disincompatibilization in Bahia

Many members of the Bahia state government will have to "disincompatibilize" themselves before long in order to run for office in the October 7 elections. It is tentatively planned that these officials will resign their present positions on July 5.

The largest question is that of Juracy Magalhães (UDN --V). During his visit to Araxa and Rio de Janeiro from June 5 to June 12, he was suggested by the other UDN governors as a possible prime minister in a new national government to be formed after the resignation of the present ministers. He was also approached by Foreign Minister San Thiago Dantas (PTB -- III?), who asked if he would take the portfolio of Mines and Energy in a government presided over by Dantas. He indicated in a conversation with Professor Henry A. Kissinger and the consul on June 13 that he had told Dantas that he would take the position only if Dantas would agree to make a suitable inaugural policy statement. Presumably such a policy statement would have clearly to bring Brazilian policy back into the Western camp, since Magalhães is a staunch liberal anti-Communist and anti-Fascist of long standing, courageously outspoken in his views.

Magalhães might also resign from the governorship to run for the Senate, although there has been little talk of this. He might run from Bahia, Espirito Santo, or Guanabara.

The Governor has been in poor health for at least six months, spending several days each week at a summer resort across the bay from the city, and has said that he wishes to retire from politics. He also believes, perhaps correctly, that he has lost ground in the public estimation during the past year.

CDKeyers:bjh
 REPORTER

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| ACTION ASSIGNED TO: RRB/ES/EB | ACTION TAKEN: none |
| NAME OF OFFICER: W. Wilson | DATE OF ACTION: 7/16/62 |
| OFFICE SYMBOL: W. Wilson | DIRECTIONS TO RM/R: file |

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(Classification)

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Encl. No. _____
Dep. No. 53
From Salvador, Bahia, Brazil

or so of his government; he attributes this to the normal usury of power and to the effects of the inflation. If, for these reasons, he decided to retire from politics, either temporarily, as he has in the past, or definitively, he might prefer to remain in office until April 7, 1963, and retire then, as he has said publicly that he will. He might also accept a cabinet job during the interim electoral and post-electoral period -- as he has indicated privately.

A factor which weighs in favor of the Governor's resigning from the governorship, he says, is the fact that his son, Juracy Magalhães Junior (UDN III, IV, or V -- an avid Janista, who prefers the PTB but remains in the UDN out of family sentiment), would like to run for the Federal Chamber, but cannot if the Governor stays in office.

Vice Governor Orlando Moscozo Barreto de Araujo (PR V) has sought the nomination of his party for the governorship, and until recently carefully sought to disincorporate himself by being officially absent from Bahia whenever the Governor was, allowing Assembly President Cristovao Colombo Maia Sampaio (PTB IV or V) to become interim Governor. Failing of a gubernatorial nomination, it has been assumed that he would run for the Senate. Recently, however, he has indicated that he would assume the governorship through April 7, 1963, if Governor Magalhães should decide to step down. Since he is most unlikely to receive a gubernatorial nomination, this seems wise, although it is interesting that he has apparently abandoned the effort to become a senator.

Secretary of the Government Ruy Santos (UDN V) has been mentioned as a potential gubernatorial, senatorial, and congressional candidate. He evidently considers himself out of the gubernatorial running, apparently backing Secretary of Finance Josaphat Marinho (PL IV or V) for this nomination, and apparently prefers the Chamber to the Senate. He is expected to resign to run for the Chamber.

Secretary of Finance Josaphat Marinho (PL IV or V) has already announced that he will resign to run for office, presumably for governor if he gets the UDN-PL-PR-PTB nod, otherwise for the Chamber of Deputies.

Secretary of Agriculture João da Costa Pinto Dantas Junior (UDN V or VI) will resign to run for the Chamber.

Secretary of Transportation Fausto Vieira de Mello (PSD V with a III past) has given up his aspirations for the governorship, and will probably resign to run for the Chamber.

Secretary for Public Security Raphael Cinourq (UDN V or VI) has already told the Consulate that he will resign to run for the Chamber.

Secretary of Justice Pedro Mano Cabral (PR V or VI) has told the Consulate that he will resign to run for the Chamber. If elected, he says

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Disp. No. 59
From Salvador, Bahia, Brazil

he says he will spend half his time in Brasilia, where policy is made, and half in Rio, where it is carried out.

Secretary of Education Wilson Lins (PR V or VI) is expected to resign to run for Mayor of Salvador. Should his plans go awry, he would probably run for the Federal Chamber or possibly the State Assembly.

Secretary of Public Health Edgard Pires da Veiga (V or VI, presumably) is not a politician, and is expected to remain in office.

Secretary for Economic Development and Anti-Brought Measures Testa Filho (evidently V or VI), also not a politician, will likewise remain in office, apparently. It should be noted that Testa Filho has been resident in Rio for the past few months, and, although he is still technically Secretary, and occasionally represents Bahia in various economic development negotiations, he has largely been replaced by his Acting Secretary, Ivan Maia Fachinetti (presumably V), also not a politician, who will undoubtedly continue as Acting Secretary.

Secretary without Portfolio for Southeastern Bahia Gileno Amado (UDN V or VI) will also remain, although he is a politician. Secretary Amado is an old man and may be planning to retire after April 7, 1963.

As yet no information is available as to who the new cabinet secretaries will be. As noted, the governor will be either Juracy Magalhaes, Orlando Moscoso, or (possibly but not probably) Cristovao Colombo.

for the Consul:

Wade H. Matthews
Wade H. B. Matthews
American Vice Consul

cc: Rio de Janeiro/Political Section
Brasilia/Political Section

DEPARTMENT: Pass Copies to: Belem, Recife, Rio de Janeiro/Consular Section.

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HANDLING INDICATOR

FOREIGN SERVICE DESPATCH

732.00/6-2562

FROM : Amconsulate, Salvador, Bahia

54

TO : THE DEPARTMENT OF STATE, WASHINGTON.

June 25, 1962

REF :

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SUBJECT: Brazilian Elections 1962: III: Bahia, June 3 - 22, 1962

UDN Governor Juracy Magalhaes' (category V) "pacification" maneuver (see Despatch 44, "Bahia gubernatorial Campaign," April 2, 1962 and "Campaign: I: Bahia, April 2-June 3, 1962," Despatch 49, June 3, 1962) ended on June 13 when the PR-PTB grouping refused to support a PSD candidate. PL Secretary of Finance Josaphat Marinho (category IV or V) now seems likely to become the governmental candidate, with the support of a slight majority of Bahia's politicians.

It will be recalled that the Governor's UDN-PL-PR-PTB coalition had proposed to the PSD that "pacification," that is, the burying of the hatchet between the Governor's coalition and the opposition alliance led by the PSD, be effected through the jointly-supported candidacy of PTB Diretorio estadual member Renato Medeiros Neto, a 34-year-old veterinarian (category V, presumably, although he could be IV or VI). This proposal, made on May 22, had the support of President Goulart (category IV?) and was of course designed to cause as much embarrassment to the PSD as possible: acceptance would mean abandonment of the PSD's hope of installing a PSD candidate, presumably one loyal to Consultor da Republica Antonio Balbino (category IV, V, or VI), in the gubernatorial palace, while refusal would further alienate the PSD's erstwhile ally, the PTB, and further strengthen the Governor's hand.

Although the PSD was conscious of the difficulty of the decision, and there was considerable preliminary squirming by the party, on June 4 state chairman Andre Negreiros (probably category V or VI) issued a press release in which he rehearsed the history of pacification, emphasizing that from the beginning the PSD has insisted upon a PSD candidate, and that therefore, Medeiros Neto could not be accepted by the PSD. This action on Negreiros'

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(Classification)

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Disp. No. 54
From Salvador, Bahia, Brazil

On Negreiros' part was represented by him as having been taken on his own responsibility, and he said that if he were not supported by the party at its scheduled June 9 meeting, he would resign as state chairman. On June 6, however, it was noised about that he had made the statement after a telephone call to Minister of Education Antonio Brito (category V or VI), one of the two grand electors of the Bahia PSD (Balbino is the other).

At the June 9 meeting, neither Brito nor Balbino were present, but they sent word by the floor leader of the PSD in the federal Chamber of Deputies, Edgard Pereira (presumably V or VI), endorsing Negreiros' stand. Pereira told the press that Negreiros' position faithfully reflected that of Brito and Balbino, and was designed not to bury pacification, but to force Juracy Magalhães to support a PSD candidate.

Since it had been recognized that Medeiros Neto was a weak candidate, capable of winning only with the support of the PSD as well as of the UDN and the PTB, the PSD's insistence on a PSD candidate killed his chances. The PTB and the PR on June 13, on the other hand, announced their own unwillingness to back a PSD candidate. This was made known in a meeting of the UDN, PL, PR, and PTB leaders, and thus made it clear to Governor Magalhães that he would be unable to put forward Secretary of Public Works Tarcilo Vieira de Mello (PSD -- Category V with a category III past). The Governor accordingly announced at the end of this meeting that the pacification effort was over, and the campaign was thrown wide open. It appears likely that the PR-PTB unwillingness to back Vieira de Mello was really that of PR state chairman Manoel Novais (category VI), since the strongest PTB figure in the state, federal deputy Clemens Sampaio (category III or IV), had indicated that he would not be adverse to Vieira de Mello, while Novais has long indicated opposition to him. Vieira de Mello formally withdrew his candidacy on June 18, declaring his loyalty to the PSD.

The UDN-PL-PR&PTB coalition has as yet to settle on a new candidate, and is awaiting the return of Clemens Sampaio from Geneva, where he is attending an international conference. Meanwhile, certain fairly clear tendencies may be discerned in each of the constituent parties of the coalition. The leader, the UDN, is divided between its own man, Salvador mayor Heitor Dias (category V) and that of the PL, Secretary of Finance Josephat Marinho (category IV or V). Governor Magalhães and party chairman Ruy Santos (category V) prefer Marinho, and will probably have their way; already, Dias has indicated his own recognition of his weakness as a gubernatorial candidate by allowing his name to be widely mentioned over the past few weeks as a potential vice governor; he also would probably accept the party's designation of him as a candidate for the Federal Chamber. It is thus likely that the UDN and the PL will agree to back Marinho, and seek to persuade the PR-PTB partners to join them in supporting him.

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From Salvador, Bahia, Brazil

The PR is of course dominated by Novais and Vice Governor Orlando Moscozo Barreto de Araújo (category V). Moscozo has already, like Dias, tacitly conceded by indicating his willingness to accept a lesser post -- in this case, that of interim governor should Juracy Magalhães decide to step down from the governorship for any reason (see "Brazilian Elections 1962: II, Despatch No. 53). The Governor might do this to accept the portfolio of Mines and Energy in a reshuffled Federal cabinet (he has already been approached on this by San Thiago Dantas), or to run for the Senate. He says he wishes to retire, and his health has definitely been poor over the past few months, so there may be some truth in this. Moreover, if he remains governor, his son, Juracy Junior (category III, IV or V -- an avid Janista who prefers the PTB to the UDN, remaining in the latter out of family sentiment), will be unable to run for the Federal Chamber, which he would like very much to do. As of June 12, the Governor had all of these prospects before him, and was, he told the reporting officer, undecided.

The PTB prefers Clemens Sampaio, but recognizes that it is too weak to elect its own man, and will probably back Novais' candidacy. The PR-PTB half of the Juracista coalition will thus probably back Novais. However, since the UDN-PL grouping is stronger than the PR-PTB alliance, it may be that this grouping's candidate, Josaphat Marinho, will receive the nod. He is better known and more popular in the city, and has been making strong efforts in the backlands, where Novais' strength lies. Various groups of lawyers and miscellaneous citizens have announced their support for Marinho, and he is believed to be popular in the PTB. It thus seems at this juncture that, on the return of Sampaio from Switzerland, the coalition parties may nominate Josaphat Marinho.

On the opposition side, it has become increasingly evident that Federal deputy Francisco Waldir Pires da Souza (PSD - category II, III, or IV) has the backing of grand elector Balbino, and probably also that of Oliveira Brito. He is increasingly the official PSD candidate, and is so regarded by the Governor. As his candidacy becomes more certain, the chances of Marinho as opposed to Novais also improve, since the progressist and developmentalist campaign of Pires, with his deliberate appeals to labor and students, and with his PSB and PCB backing, mean that the government coalition will have to use that one of their candidates who can more nearly represent him in his appeal to the left. Pires' PCB backing was reported to the Consul by the Governor on June 12, when he said that he had learned this from President Goulart, who in turn had said that he had been approached by the PCB's Luiz Carlos Prestes, who was seeking backing for Pires.

As matters now stand, then, it appears that the Bahia campaign will settle into a race between Josaphat Marinho (PL - IV or V) and Waldir Pires (PSD - II, III, or IV). In such a race, the parties

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Disp. No. 54
From Salvador, Bahia, Brazil

the parties backing Marinho have the present edge, and he is the stronger candidate personally; it thus seems most likely at this juncture that Marinho will be the next governor of Bahia.

for the Consul:

Wade H. Matthews
Wade H. B. Matthews
American Vice Consul

cc: Rio de Janeiro/Political Section
Brasilia/Political Section

DEPARTMENT: Pass copies to: Belem, Recife, Rio de Janeiro/Consular Section.

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732.00/6-2562

FROM : AmConsulate, Curitiba

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TO : THE DEPARTMENT OF STATE, WASHINGTON.

June 25, 1962

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SUBJECT: BRAZILIAN ELECTION REPORT NO. 2 - INTERVIEW WITH NEWTON CARNEIRO, UDN CANDIDATE FOR FEDERAL DEPUTY ON PRESENT POLITICAL SITUATION (HELD ON JUNE 14, 1962.)

In response to the reporting officer's expressed interest in the local political scene, Mr. Newton Carneiro, President of the Uniao Democratica Nacional (UDN), invited him to discuss the coming elections.

Mr. Carneiro stated that he had just returned from meeting other UDN leaders in Rio to discuss the campaign. He said it was the general belief there that UDN would win the majority of the Federal positions being contested. For this reason the Parana UDN was concentrating its efforts on winning as many state legislative positions as possible so that through its coalition with the Christian Democratic Party (PDC), the party would be able to control the legislature. The advantage to Parana of such a coalition was that the State would thus be in a good bargaining position to obtain federal aid. Very little has been received to date.

Mr. Carneiro believes that Parana may have as many as one million registered voters this year but he said he would use the figure of 800,000 as the most pessimistic. The voters have until June 25 to register to vote and it would take some time to learn the final count for each party. He said he would like to make the following prophesy, as of this date, concerning the outcome of the state elections.

| Party | No. of Votes | % of Total Votes | No. in State Legis. | No. of Fed. Sen. | No. of Fed. Dep. |
|------------------|--------------|------------------|---------------------|------------------|------------------|
| PTB | 300,000 | 37% | 25 | 1 | 9 |
| PDC | 150,000 | 18% | 13 | | |
| UDN | 140,000 | 17% | 12 | 1 | |
| FSD | 130,000 | 16% | 11 | | |
| Total | 80,000 | 12% | 4 | | |
| of other parties | | | | | |

cc: Brazilian Desk Officer, Washington (1)
Robert W. Dean, AmEmbassy, Rio (1)
AmEmbassy, Brasilia (1)

AWFeldman:mlb
REPORTER

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FORM 8-61 FS-439 GPO 9:12306

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| ACTION ASSIGNED TO | ARA | ACTION TAKEN | NA |
| NAME OF OFFICER & OFFICE SYMBOL | EST/B | DATE OF ACTION | 7/12/62 |
| | | DIRECTIONS TO RM/R | file |

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From AmConsulate, Curitiba

He believes that the strength of Lupion is grossly exaggerated and that there is a good chance that Lupion will not be elected since his following is heaviest in Curitiba and in the old north area of Paraná. Mr. Carneiro commented that Curitiba only has about 1/8 of the total vote of the state and that a candidate who relies mainly on the capital for support could easily lose the election. He also warned that one should not attempt to rely on the 1960 elections as a basis of comparison since the issues were entirely different and the voters in 1960 tended to vote for individuals rather than for parties.

When questioned about the campaign issues he replied that the electric power shortage would inevitably become a very important one. He blamed the politicians for the inability of the electric light company to enlarge its facilities to meet the ever increasing demands for current. He said that the present drought is undoubtedly the main reason for the rationing imposed upon Curitiba and its outskirts.

Concerning the possibility of the elections in October being held or negated if held, he opined that there are two major factors to be considered. 1) That the military would intervene if Pres. Goulart chose a Prime Minister representing the left such as San Thiago Dantes. In this regard he said that Pres. Goulart was reportedly considering Magalhães for that position and this was a choice he and many others would support. 2) He believed that the military would step in to negate the October election if Janio Quadros won in São Paulo and Arrais in Pernambuco.

Concerning Gov. Ney Braga, a 1960 Campaign friend, Mr. Carneiro stated that, in his opinion, the Governor was moving to the left in an effort to obtain the support of the PTB. He believes that the Governor is not a leftist but is a nationalist and that he is only seeking support for his program. To date the Governor has been unable to obtain any assistance from Pres. Goulart for state projects and he may be seeking state PTB support in order to strengthen his bargaining position with Pres. Goulart. Mr. Carneiro stated that although the PTB was on the upswing in Paraná, it was lacking good leadership and was suffering therefrom.

Mr. Carneiro stated that Paraná is considered to be a conservative state and that is why many national politicians seek its support. Such was the case in 1960 with Janio Quadros.

Mr. Carneiro believes that the recent ruling of the Supreme Court on eligibility of candidates for federal positions will rule Brizzola out.

Comment:

Mr. Carneiro is outspokenly pro-U.S. and is currently running for Federal Deputy. He represents the conservative element in Paraná and is given a good chance to win. He appeared to be speaking frankly and may only through partisanship have given his party a larger vote nationally than others

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FORM 88-4100
5-1-50

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From AmConsulate, Curitiba

would have. His opinion on the relative positions of the political parties in Parana, if the elections were to be held now, is shared by others who are not of the UDN.

Arthur W. Feldman
ARTHUR W. FELDMAN
American Consul

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Department of State

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FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 3041, JUNE 26, 6 PM

PRIORITY

FOLLOWING FROM BRASILIA.

PRIME MINISTER NEVES READ TO CHAMBER THIS AFTERNOON ACCOUNTING HIS NEAR TEN-MONTH ADMIN COINCIDENT WITH PRESENTATION HIS AND ENTIRE CABINETS RESIGNATIONS AS ANTICIPATED RECENT EMBASSY TELEGRAMS. SUBSECRETARIES HAVE ASSUMED OFFICE. CONGRESSIONAL LEADERS EXPECT PRESIDENTIAL MESSAGE PROPOSING FOMIN DANTAS AS PRIME MINISTER REACH CHAMBER TOMORROW WHEN DEBATE TO BEGIN, NOT YET DETERMINED IF DANTAS WILL BE PERMITTED EXPLAIN HIS INTENDED PROGRAM BEFORE VOTING.

PSD MAKING DANTAS ISSUE ONE STRICT IF INFORMAL PARTY DISCIPLINE WHICH SHOULD HOLD LARGE MAJORITY IN LINE WHILE UDN LATE TODAY VOTED 47 TO 85 REJECT DANTAS. PROSPECTS THEREFORE ARE FOR RESOUNDING DEFEAT PRESIDENT'S FIRST NOMINEE.

HIGHLY PUBLICIZED "LABOR MARCH" ON BRASILIA SO FAR CONSISTS ABOUT 14 BUS LOADS LABOR LEADERS SOME WHICH WERE HELD BELO HORIZONTE BETTER PART DAY BEFORE RELEASED AND PERMITTED MOVE ON. MORE THAN ANYTHING THEY ARE CURIOSITY IN THIS OPEN CITY OF GREAT DISTANCES OF PARKWAYS BETWEEN BUILDINGS WHERE THEY SEEM ENTIRELY LOST AND OUT OF PLACE. HAVE BEEN ENTIRELY PEACEFUL TO DATE APPARENTLY UNDER STRICT ORDERS NOT (REPEAT NOT) APPEAR PRESSURING CONGRESS, E.G.,

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FOREIGN SERVICE DESPATCH

732.00/6-2662

FROM : Amcoagen SÃO PAULO

320
NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

June 26, 1962

REF :

JUN 27 1962

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- Conservative Church Wing Aroused
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PSYCHOLOGICAL: 1. Local Press Reaction

POLITICAL

1. Democratic Labor Leaders Oppose DANTAS

Leaders of the São Paulo Democratic Labor Movement (Movimento Sindical Democrático -- MSD) and of a few student groups have put out a statement violently opposing Foreign Minister San Thiago Dantas for the Prime Ministry. They criticize the "fabulous paid publicity" employed by other labor and student groups to pressure Congress into accepting Dantas. They find his foreign policy "based on a false position of national independence," and object to the neglect of internal problems in favor of international questions. They put in quotes the terms "nationalist," "popular," and "independent" as applied to the Foreign Minister. They approve of the policy of self-determination, making specific references to Hungary, Cuba, and other "iron curtain countries." (See Embassy reporting.) (UNCLASSIFIED)

See last page/lfw

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From São Paulo

Comment: The student groups signing the statement were, unfortunately, insignificant. Only one of São Paulo's democratically oriented labor groups was represented, but it was the most important one.

The statement is remarkably courageous, flying directly in the face of President GOULART and his chosen Prime Minister. Such defiance of the government is not easy for Brazilian labor leaders. Valor, in fact, seems to have won out entirely over discretion in the wording of the statement. But the document should provide powerful ammunition to the Federal Deputies who oppose Dantas and the pressure from pro-government unions.

The MSD seems to be willing to carry its opposition even further: a plane load of sixty democratic labor leaders is reportedly about to leave for Brasília. The ostensible purpose is to support legislation for a Christmas bonus, but the real intent is obviously to counteract the pro-Dantas unions' pressure on Congress. Ten bus-loads of representatives of Communist-controlled unions are also said to be leaving São Paulo for Brasília. The MSD reports that President Goulart is paying for the opposing unions' buses. It is not yet known who is paying for the MSD airplane.

These developments, incidentally, would seem to end the recent faint hope that Goulart and the non-Communist unions would bury the hatchet (Weekly Summary 17). (LIMITED OFFICIAL USE)

2. Dantas Tries to Smooth Paulista Feathers

During a hurried visit to São Paulo on June 23, Foreign Minister San Thiago Dantas made no effort to see the Governor. He did talk secretly and at length to a group of the most important São Paulo industrialists.

After a visit to Brasília on June 22, Governor CARVALHO PINTO had little to say except that the President was "firmly disposed to avoid agitations of any sort" and "conscious of the necessity of attaining a happy solution."

Deputy Herbert LEVY, President of the National Democratic Union (União Democrática Nacional -- UDN), was not so evasive. In an interview with the São Paulo press, he criticized Dantas strongly and opined that a large majority of UDN Federal Deputies would vote against his acceptance as Prime Minister. Referring to the "campaign of agitation and pressure" from government-controlled labor unions, Levy pointed out the "delicacy of the position of President João Goulart with respect to these maneuvers.... The Chief of State will have to face an important test of his true intentions within the next few days...."

Adhemar de BARROS pledged his Social Progressive Party (Partido Social Progressista -- PSP) to oppose Dantas. (UNCLASSIFIED)

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Comment: The degree of Dantas' success with São Paulo industrialists is not clear. He may well be able to pacify some of the more notorious opportunists, but the group as a whole is likely to continue in opposition (see following item). In private conversations, Dantas' ideas on big business seem rather different from those in speeches to labor unions. It would not be surprising to find him striking up an alliance with such ultra-protectionist types as José Ermfrio de MORAES Sr. (see Weekly Summary 20).

Carvalho Pinto appears to disapprove of Dantas, but it is not known whether he is engaging in behind-the-scenes opposition. He would be reluctant to jeopardize President Goulart's support for José Bonifácio NOGUEIRA's gubernatorial candidacy.

UDN President Levy showed unusual irritation with the President. Levy's words seemed to warn of an open UDN break with the government if pressures from Goulart-controlled unions continued. (LIMITED OFFICIAL USE)

3. São Paulo Industry Worried

On June 23, apparently before seeing Prime Ministerial candidate Dantas, representatives of São Paulo industry sent a telegram to the President expressing their "grave apprehensions" over the state of the nation. The "principle of authority" and "respect for law" had been disdained, went the message, leading the entire country to an "undisguisable crisis of legality, which impedes...reinvestment and new investment of capitals capable of assuring the creation of jobs in proportion to our population growth and avoiding a serious and not remote social crisis." Fidelity to private enterprise and democracy "in the internal life of the country as on the international plane is a condition essential to the stability of our structure...." The industrialists asked first for the re-establishment of order and authority; next for an austere policy which would end inflation. (UNCLASSIFIED)

Comment: A very significant document. The São Paulo industrialists expressed their legitimate concern in clear and moderate terms which should carry weight in Brasilia. While they did not refer directly to Foreign Minister Dantas, their telegram could only be read as opposing his promotion and the leftist agitation behind it. The "crisis of legality" is the same as that which the Embassy and the Consulate General have frequently reported as a "crisis of confidence" or "crisis of authority." (LIMITED OFFICIAL USE)

4. PST Nominates José Bonifácio

The Social Labor Party (one of the smallest operating in São Paulo) has nominated José Bonifácio Coutinho Nogueira for Governor. This brings the

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From São Paulo

number of parties supporting Nogueira to five (PST, UDN, PDC, PR, PRT).
(UNCLASSIFIED)

Comment: Every little bit helps. PST President Ubirajara KEUTENEDJIAN, however, told an officer of the Consulate General that José Bonifácio is running distinctly behind Adhemar de Barros. Keutenedjian was convinced that his party's nominee was the best person of the strong candidates for the governorship, and he hoped -- but was not at all sure -- that José Bonifácio might grow stronger before the elections. The goal was to beat Jânio QUADROS, and Keutenedjian would consider switching to Adhemar if necessary to accomplish that goal. He expected the electoral situation to become much more clear by August.

Keutenedjian mentioned having been approached persistently by persons seeking his support for Quadros' candidacy. Quadros' private actions do not bear out his electoral pose of needing no party support. (LIMITED OFFICIAL USE)

5. Conservative Church Wing Aroused

The four authors (two of them Bishops) of the book Agricultural Reform -- Question of Conscience have taken large advertisements in São Paulo papers to publish a letter they recently sent to President Goulart. The letter, like the book, argues against land expropriation without fair reimbursement. It asks for agricultural reforms but holds that division of existing private property is not among those needed, pointing out that seventy-five percent of Brazil is still publicly owned. The letter was obviously prompted by the President's May 13 speech in Santos, which asked for land expropriations and held that "payment should be long-term, in any bonds of the Union, but not in cash..." (see Weekly Summary 21). The authors did not refer to recent attacks from São Paulo Archbishop MOTTA, who seems to support Goulart on the issue (Weekly Summary 21 and Despatch 291 of June 5, 1962).

Prestigious daily O Estado de São Paulo devoted a lead editorial to praise of the above letter, again refraining from direct criticism of Archbishop Motta.

São Paulo State Deputy GODINHO, a conservative Catholic priest, is doing a new translation into Portuguese of the Mater et Magistra. He is believed to object to certain portions of the present translation -- the use of the word "socialism" (in Portuguese), for example. (OFFICIAL USE ONLY)

Comment: The fight between opposing wings of the Church is now about as open as it can get without descending to actual name-calling. Re-translation of the Mater et Magistra indicates how far the dispute has gone. The Church

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"left wing" uses the existing Portuguese version of the encyclical very loosely as a springboard for its social doctrines. (LIMITED OFFICIAL USE)

6. State Assembly Grows

The São Paulo State Legislative Assembly has increased the number of its seats from 91 to 115, the maximum number allowed by the most recent census. (UNCLASSIFIED)

Comment: The Assembly is already too big, but the Deputies could not resist improving their chances for re-election. Each one runs at large and will be directly benefited. If each of the 13 legal parties should present a full slate of nominations, there would be 1,595 candidates for next October's Legislative Assembly elections. What voter can keep track of even 115? Only the institution of a system of electoral districts could now bring order out of the chaos. (LIMITED OFFICIAL USE)

7. Largest Brazilian State Labor Federation Affiliates with International Trade Secretariat

The São Paulo State Federation of Metalworkers voted on June 23 to affiliate with the International Metalworkers Federation (IMF), one of the International Trade Secretariats representing workers in specific occupations in the free countries of the world. The State Federation, largest in Brazil, bargains for an estimated 350,000 workers, although its actual membership is approximately 50,000. It is the first labor organization belonging to the National Confederation of Industrial Workers (CNTI) to affiliate with an International Trade Secretariat. (UNCLASSIFIED)

Comment: The affiliation represented a blow for the Communists who control the largest local unions in the Federation, including those in São Paulo city and the ABC industrial suburbs. The Communists opposed the affiliation bitterly and vociferously but for once were unable to prevail on the non-Communist majority. Mr. Daniel Benedict, IMF Representative for Latin America, deserves full credit for this victory. (LIMITED OFFICIAL USE)

PSYCHOLOGICAL

1. Local Press Reaction

CONTROVERSY OVER THE CHOICE OF THE NEW PRIME MINISTER - Editorial comment on the choice of a new prime minister greatly overshadowed all other subjects during the past week. While influential Folha de S. Paulo tried to moderate the controversy over the selection, editorializing "Let us

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not create a national catastrophe of the routine matter of replacing a cabinet," editorial opinion was largely condemnatory of President Goulart's indication of Chancellor San Thiago Dantas for the position vacated by Tancredo NEVES. The minority opinion was expressed, as was to be expected, by Ultima Hora which solidly backed Dantas, unconvincingly calling the opponents of the present Foreign Minister "blackmailing conspirators who want to make the President of the Republic their prisoner... to cause him to make successive concessions and force upon him the sad destiny of FRONDIZI." Commenting on the pressure put on the Congress by leftist workers' unions and students' associations, A Gazeta summarized: "It is not necessary to be a magician to see the Communist finger behind the maneuver." Not all workers nor all of the students, observed an editorial in O Estado de S. Paulo, follow a pro-Dantas line: "For the tranquility of the nation and its confidence in democratic institutions, labor leaders -- representing over a million workers in São Paulo alone -- and student leaders have declared that... their duty is to warn the nation against a policy which they consider 'adverse to the interests of workers and of the Brazilian people in general.'" (See Item 1.) After San Thiago Dantas' televised explanation of his position in the Prime Minister controversy, O Estado iconoclastically remarked: "To many viewers Mr. Dantas may have given the impression of really deserving his fame as a brilliant scholar. To us, the impression was that of a conscience double-crossing itself."

EUROPEAN COMMON MARKET - Soviet attacks against the European Common Market -- commented O Dia -- indicate that "the Kremlin feels that the European success (European Common Market) and the promising perspectives of the Alliance for Progress will soon cause the critical areas of poverty and misery to disappear from the world." A markedly different commentary was featured in Diario de S. Paulo, which referred to OAS' Secretary MORA's difficulties in presenting the case of Latin American coffee exports to Common Market officials: "The Market is indicative of a new type of 'nationalism' which is highly prejudicial to the underdeveloped countries not belonging to Europe's area of influence."

REMITTANCE OF PROFITS - The solution being studied in the Brazilian Congress for the remittance of profits question is termed "reasonable -- considering its political and emotional background" by both O Estado de S. Paulo and Folha de S. Paulo. O Estado also declares that there is "complete ignorance on this subject by the population at large and by the Congress" and listed three facts to prove its statement: "people ignore the fact that the remittance of profits is inferior to the entrance of new capital; that most of the foreign companies reinvest their profits here; and finally that the remittance of profits is of secondary importance compared to the investments and exchange savings it brings." Folha's editorial was wisely entitled:

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Disp. No. 320

From São Paulo

"Let's Not Scare Away Foreign Capital." (OFFICIAL USE ONLY)

Daniel M. Braddock

Daniel M. Braddock
Minister Consul General

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FOREIGN SERVICE DESPATCH

732.00/6-26-62

FROM : American Consulate General RECIFE NO. 193

TO : THE DEPARTMENT OF STATE, WASHINGTON.

DATE June 26, 1962

*Belem -1
Bele Horizonte -1
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PSYCHOLOGICAL

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
JUL 2 1962

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From Asconsul RECIFEPOLITICAL

1. Political Campaign Developments

The question of who will replace JOÃO CLEOFAS as the major candidate to oppose Recife Mayor MIGUEL ARRAES in the Pernambuco gubernatorial race was not resolved this week. Just when it seemed that the compromise agreement was to be worked out in Pernambuco, Governor SAMPAIO surprised everyone by departing suddenly for Brasilia for further discussions with President GOULART and other interested political figures. Exactly what new proposal Sampaio made to Goulart is unknown, but it seems certain that Sampaio was attempting to avoid being forced into the uncomfortable position of having to support one of last week's front runners for the nomination: JOSE EMIRIO DE MORAIS, Senator BARROS CARVALHO, or Federal Deputy BARBOZA LIMA SOBRINHO. As Sampaio departed Recife, the grapevine blossomed with rumors that Sampaio would propose former Senator APOLONIO SALES (PSD) to Goulart, thus bringing the PSD back into the hoped-for compromise agreement. Subsequently, it was whispered about that Sampaio would ask Goulart to accept Secretary of Treasury PAULO MACIEL, in exchange for which Sampaio would guarantee the state UDN to support SAN THIAGO DANTAS for Prime Minister. Sampaio returned to Recife on Saturday, June 23, but gave no immediate indication of what he had accomplished on his trip South. He did indicate that everything would be settled by July 1, but few believed that he would be in a position to announce the name of the new candidate by that date.

If anyone stands to profit from these heavily-publicized frantic maneuvers to select a candidate satisfactory to all interested parties, it is probably Miguel Arraes. The general impression now is that the Governor and other anti-Arraes forces are convinced that Arraes is almost unbeatable, which gives Arraes a definite psychological advantage. Furthermore, in a campaign that is sure to have reform as a major issue, the anti-Arraes candidate will now be made to appear as the candidate of the "anti-reform" political bosses. So much confusion surrounds the entire question that one rumor now gaining credence has it that Sampaio and Arraes have met in Rio and resolved their differences, and that Sampaio is now deliberately attempting to sow confusion for the sole purpose of aiding Arraes. It is believed that this rumor was started by Cleofas supporters, who feel that Cleofas was done in by the Governor.

Miguel Arraes received something of a blow this week when the Superior Electoral Tribunal decided that mayors running for legislative or executive office will have to take leave of absence until after the elections. The decision placed mayors in the same category as other elected or appointed officials. Arraes had expected that mayors would be held exempt from the general rule, which requires executive officials who are registered as candidates for public office to step down from their positions by July 7. Those who register after July 7 must leave office on the day of the registration of their candidacy.

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From Amconsul RECIFE

Arraes immediately got together with Vice Mayor ARTUR LIMA CAVALCANTI to work out a deal that would protect his interests in the city government, i.e., would leave untouched the campaign apparatus working within City Hall. Reportedly, Arraes asked Lima Cavalcanti to occupy the Mayor's office until October 2, at which time Arraes would resume charge. If, while holding the office, Lima Cavalcanti would preserve the Arraes machine in City Hall, he would be given a high post in the State Government following Arraes' victory, or else would get Arraes' support for Mayor in the 1963 elections. Lima Cavalcanti supposedly countered with the proposal that Arraes resign instead of taking leave of absence, allowing Lima Cavalcanti to fill out all or most of the unexpired portion of Arraes' term as Mayor. If Arraes would not resign, Lima Cavalcanti is reported to have said, he would hold the office of Mayor only until September. He would then take leave himself and run for federal deputy, turning the office of Mayor over to President of the City Council ANTONIO MOURY FERNANDES. Even though Arraes probably does not trust Cavalcanti completely, he apparently regards Fernandes to be less reliable of the two, so he may have to accept Cavalcanti's proposal.

It now appears that there is a question of whether Arraes' candidacy was ever registered with the Electoral Tribunal, though the registration was announced over a month ago. If Arraes is not yet registered as a candidate, he may decide to wait until the elections are much closer before registering himself and thus having to step down from office. This option is not altogether satisfactory, however, because it would inhibit somewhat Arraes' campaign.

Lima Cavalcanti has described himself confidentially as the person in the best position to deliver a death blow to Arraes' political aspirations, though he ostensibly supports Arraes. Occupying the office of Mayor, he will be in an excellent position to damage severely Arraes' campaign machine. If he persuades Arraes to resign, he could not only contribute much to a defeat for Arraes in October but would also deprive Arraes of an official position to return to in the event of defeat. Lima Cavalcanti, however, is not regarded to be entirely reliable. He appears to hold his own interests and political future above anything else, and it is believed that he would move against Arraes only if he were convinced that such a move would redound to his immediate political benefit.

Despite the centering of attention on the state political situation, which is beginning to take on the earmarks of a cliff-hanging melodrama, the national scene was kept before the public eye, primarily by the leftist press. The candidacy of San Thiago Dantas, the threat of leftist labor agitation to support, and rumblings of a rightist-military coup kept the political atmosphere highly charged. (CONFIDENTIAL)

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From Amconsul RECIFE

2. Labor for San Thiago Dantas

Recife's Communist dominated labor movement this week continued its efforts to mobilize labor support for a cabinet led by San Thiago Dantas. Railway workers, bank workers, and commercial workers, all headed by Communists or Communist sympathizers, held rallies to give the "nationalist" cabinet labor's verbal endorsement. Shedding all pretense of primary concern with legitimate labor demands, the local bank workers threatened a purely political strike, warning that they would walk out unless President Goulart is given carte blanche in forming a new government. A labor caravan is now being organized to leave Recife June 25 for Brasilia where it will supposedly take part in labor demonstrations in support of San Thiago Dantas. (LIMITED OFFICIAL USE)

ECONOMIC

1. Pernambuco Trammays Under Fire

Pernambuco Trammays, whose contract will expire and be picked up by the State Government on July 17, came in for a few parting shots this week, seemingly aimed at discrediting the company and placing it in as difficult a position as possible before any legal action comes before the courts. Trammays was accused by a state deputy of spiriting away four large transformers, supposedly to prevent confiscation. And just for good measure, the opposition bench charged Governor Sampaio's camp with attempting to extend the Trammay's contracts.

Meanwhile, company officials say they have still received no word as to what equipment will be taken over outright by the state, what will be paid for, how debts owed to the company are to be settled, etc. (OFFICIAL USE ONLY)

2. German Assistance

GERHARD SHELDS, West Germany's Ambassador to Brazil, visited Recife this week. During his stay here he stated that of the some 50 million dollars in financial assistance the German Government contemplates making available to Brazil, 80 per cent would be earmarked for the Northeast. Meanwhile, several members of Ambassador GRANOW's special mission (the German equivalent of the BOHM Mission), are due to arrive in Recife June 23 for a close look at the area's economic situation.

3. Willys Plant for Pernambuco

Of possible importance for Pernambuco's economy, it was announced this week that Willys Overland de Brasil may set up an assembly plant just outside Recife. Reportedly, the plant would aim at supplying the Northeastern market and would produce some 7000 vehicles a year. As the initial investment would run close to CR \$2 billion while the plant

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would employ over 500 workers, the impact on the area's economic structure could be great. (UNCLASSIFIED)

PSYCHOLOGICAL

The new local version of Ultima Hora appeared on the streets on Monday, June 18 and fully lived up to the leftist-nationalist reputation earned by its sister journals in other cities. Its first editorial, entitled "War Cry" placed the paper in full support of the candidacy of Jose Ermirio de Moraes for Senator and that of Miguel Arraes for Governor. On the second day of the paper's life, Ultima Hora headlines screamed that state police had "massacred" students in a police-student clash of the week before. During the rest of the week, the paper devoted its prime space in both daily editions to denouncing Cid Sampaio's "machievellian plot" to eliminate Jose Cleofas from the gubernatorial race, and in describing the dimensions of the "popular demand" for a nationalist cabinet with San Thiago Dantas as Prime Minister.

While Ultima Hora's treatment of the cabinet crisis was biased, slanted, and sensationalist, it was, nevertheless, a relief to see one local newspaper take a definite stand on the matter. Both the Diario de Pernambuco and the Jornal do Comercio mentioned the struggle over the Dantas nomination in their editorial pages, but neither would discuss it directly nor come out for or against Dantas. The Diario de Pernambuco dismissed the subject with a vague editorial blaming President Goulart for having initiated the crisis by attempting to force an entire cabinet upon Parliament. The Jornal do Comercio used two long columns to say less. What is important, said the Jornal, is not the Prime Minister's name nor his party. What is important is that he have the solutions for the problems of today's Brazil. The Jornal's comment on this question was typical of its editorials and in keeping with owner-publisher FRANCISCO PESSOA DE QUIROZ'S dictum that all editorials be long and dull. (UNCLASSIFIED)


E. Eugene Dalgado-Arias
Consul General

CONTRIBUTORS:

WJ
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WSS:Smith:ag

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FROM : RIO DE JANEIRO

NO. 1049

June 27, 1962

TO : THE DEPARTMENT OF STATE, WASHINGTON.

DATE

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JUN 28 1962

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SUBJECT:

JUL 3 1962

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Attached is a copy of a speech by Celso Furtado entitled
Reflections Upon the Brazilian Pre-Revolution.

For the Ambassador

Leonard J. Saccio
Leonard J. Saccio
Minister-Director

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REFLECTIONS UPON THE BRAZILIAN
PRE-REVOLUTION

By Celso Furtado

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REFLEXIONS UPON THE BRAZILIAN
PRE-REVOLUTION

By Celso Furtado

The present and the future

In my contacts with the college youth throughout Brazil, at the closing of last year, I have been able to notice such anxiety dominating the spirit of the young. The conscience has become acute that the country is on the march toward far-reaching transformations; that under our own feet, as an underground stream, unfathomable forces are on the work. And all or almost all of the young people, wish to comprehend whatever is occurring, and do intend to have their share, in all conscience, in such transformations; they wish to assume an active position and be able to contribute for the moulding of a future which indeed belongs to them. Although very often undecided or unsure, the youth is confident. And the young people are demanding from us all a clear definition of standing; a courageous identification of objectives and methods in the struggle for the conquest of the future.

Allow me to take advantage of this opportunity to make some reflexions around issues which have been brought to me by young men and women newly-graduated from the Universities of the country's several regions. I set forth these reflexions as a frank personal statement, in order we may proceed with our talk, so many times interrupted, when we had hardly approached the essential.

The first of these issues is the one concerning the out-aimed social cost of the development which is being carried out in Brazil. The economic analysis is restricted to the cold description of reality. We know that the development, which we are so proud of, occurred in the last decades, bestowed no benefit at all upon three fourths of the country's population. Its main feature has been a growing social and geographic concentration of income. The large mass of people who toil on the fields and are the majority of the Brazilian population have reaped no benefit from the development. And still more: those masses have witnessed the reduction, in relative terms, of their living standard in comparison with that of the social groups engaged in commerce and other services. The industrial workers, who represent a sort of middle class within the Brazilian social framework, have grown numerically and in relative terms, without having however improved to any large extent their living standard. Here too there has been a relative worsening, since with the large growth of urban employment in services, workmen have watched the relative ascension of other higher income social groups.

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As not only with respect to the concentration of income the development has been presenting social aspects of an extremely negative type. In fact, due to the anachronism of the Brazilian agrarian structure, such a development has given rise, in many regions, to a relative increase in the rent from land, rewarding parasitic groups. In the lack of a conscious policy which would preserve the social character of the state action, there has been improvised, in the name of the development, a whole set of subsidies which very often have preferentially bestowed a premium on superficial investments or those which came to afford, a still greater concentration of income on the hands of privileged groups. Through some sheer donations of capital, such as subsidized exchange and credit large amounts of social wealth were transferred to a few hands.

In the politico-administrative plan distortions are still more glaring. Since the expansion of the governmental action, brought about by the development, was not followed up by the necessary basic reforms within the state itself, the coefficient of wastage has enormously increased. On the other hand, the growing action of the state in the field of investments, associated with that inefficiency, has created conditions favorable to the illicit seizure of capital at the people's expense. The big contracts for public works have become the current source for amassing fortunes within and without the government.

I well understand the revolt of the youth when contemplating such a picture: there are the supposed representatives of the people elected thru the influence contractors of public works, there is the alliance between the feudal machine and the budgetary appropriations for producing members of the Parliament who will vote further appropriations for the same purpose. These things which were formerly the hidden rules of the game are nowadays transparently clear even for the most naive.

There might arise the objection that things were formerly much worse: elections were a formality since an oligarchy decided on its own account for that what would be called the will of the people. But such an objection is no more valid for the youth of today. Everybody knows that if things are so much transparent the reason is because it is within our reach to change them; that if we know where the fault lies and we do not try to eradicate it we will be conniving with it.

And there is the other face - the positive side of the development: this has placed within the country itself its centers of decision, has equipped it for self-guidance, has imposed upon the country the conscience of its own destiny, has made it responsible for its own wrongs.

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In the bottom of our present intranquility we shall find this simple truth: we know where the errors of our development lie, we know that it is within our reach the power of eradicate or minimize them, and we know that we are conscious of all this. Hence we are responsible, and therefore we feel no tranquility.

A philosophy of action

But today young people do not restrict themselves to the ~~development~~ diagnosis of the present reality. An analysis has no other objective but that of providing guidance for action. In fact, this very same analysis points out the need of action. The conscience that we are responsible for the much wrong and anti-social features that are all-pervading, does raise a state of intranquility which can only be overcome through some action.

This is the second point which I would like to elaborate: the need for a philosophy that shall guide our action. Many people, here and abroad, have asked me why there is so much penetration of marxism in the midst of the Brazilian youth. The reason is simple: marxism in whatever of its variants allows the diagnosis of the social reality to be translated into norms of action. We must approach this subject with an absolute frankness, if we intend to keep an effective dialogue with the idealistic and active youth of our time. What is the marxism of a great portion of our youth? I believe we may summarize it in a few attitudes, independently of an analysis of their background:

- a) the acknowledgement that the present social order is based, to a good extent, upon the exploitation of man by man, laying the foundation of the well-being of a class, which shelters many a parasite and an idler, upon the poverty of the great majority.
- b) the acknowledgement that the social reality is historic and hence in permanent change and so the present order must be supersided by another, and
- c) the acknowledgement that it is possible to identify the strategic factors which are brought to bear on the social process, what opens the door to a conscious policy of social reconstruction.

From the last point, a positive and optimistic attitude is derived with respect to political action, what does provide an answer to youthful longings.

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If we go deep into the core of that philosophy, we shall find there, on the one hand, the wish to liberate man from all chains that socially enslave him, allowing him the full affirmation of his potentialities, on the other hand we shall discover an optimistic attitude concerning the conscious self-determination of human communities. In the last resort, there lies a superior stage of humanism, for while placing man into the center of his own concerns, it comes to acknowledge, however, that the full individual development can only be attained through the rational guidance of social relations.

Whatever be the name which will be ascribed to it, it is impossible to fight frontally against that doctrine, since it encloses the profound longings of modern man. Its strongest roots sprout from the humanism of the Renaissance, which placed upon the human being the focus of his own destiny, and its immanent optimism emanates from the Industrial Revolution, which provided man with the control of his environmental world.

If we are to maintain a fruitful dialogue with the new generation, we must reach an understanding upon that which is really fundamental. We shall relegate to a secondary plan that which is merely operational and, by definition, has to be subordinated to the ends pursued. For example: it would not be possible to ascribe more than an operational character to the private ownership of production means, to private enterprise. We are all in agreement that private enterprise is simply a decentralized form of organizing production which must be subordinated to social criteria. Whenever there be a conflict between the social objectives of production and its organizational form into private enterprise, measures would have to be taken to preserve the social interest. On the other hand, to the extent a larger abundance in the supply of goods is being reached, that is to say, in the higher stages of development, the lesser becomes the importance of production organizational forms and the larger that of control of the centers of political power. From the latter, in the last resort, the norms are determined for the distribution and utilization of the social income, under the forms of either public or private consumption.

Therefore, it is fitting to ask: what are those fundamental objectives around which we can unite, i.e., those which are irreducible since they constitute the ultimate elements of our conception of life? I believe it is of an absolute importance that we define with clarity those objectives, or otherwise we shall confound means with ends or transform into our ends that which to others is only means. We have the right of making this reflexion independently of the issue about the Russian or American pre-eminence with respect to the destinies of the world. To subordinate the future of our culture to

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to the tactical conveniences, of either the one or the other of the great centers of modern military might would amount to considering the struggle as lost beforehand, through the total lack of any final objectives. We must consider the stalemate between the poles of the politico-military power as a datum of the objective contemporaneous reality. To consider it as a datum means that it is out of our reach to change in any decisive manner the relation of forces. Whatever may be our position, we must acknowledge that the final solution for that stalemate cannot be forestalled, as war will continue to be considered as an attitude of despair, of total loss of faith in the future of mankind. The maximum effectiveness of any change in our position, from the viewpoint of the big stalemate, will be simply of the tactical type. Thus, that which for us may signify a definition of the ultimate ends, from the point of view of the great centers of world power has only a secondary importance.

The acknowledgement of such a reality imposes upon us the supreme duty of defining with clarity the objectives of our political action in function of our own destiny as a people and a culture. In other words: our impotence vis-à-vis the world stalemate has as a counterface a larger margin of liberty with respect to the determination of our own objectives. And as it does happen, such a larger margin of liberty brings about a more clear conscience of responsibility.

It is against this background of self-determination and consciousness of responsibility that we must draw the irreducible objectives of political action. I believe that these objectives could be easily translated, in conformity with the previous analysis, into the expressions humanism and optimism with respect to the material evolution of society. In a more current language: liberty and economic development.

I have used the word humanism because liberty can also be understood in terms of the nineteenth century individualism, in which the individual was very often in opposition to the social. But let us entertain no doubts that, that which is in the center of all aspirations and ideals of present-day youth is an authentic humanism. What makes the youth worry is the anti-human aspect of our development. It is the fact that the contrast between squandering and poverty becomes more acute from day to day. There are the rural populations which live upon the land but cannot plant their own foodstuffs and are hungering almost every day of the year. There are cities with ten per cent of their population enrolled at hospitals as victims of tuberculosis. And we know that all this can be remedied and has already disappeared from the large portion of the world. Hence, what is in the center of the youth's worries is the man, the anguish in face of his degradation and the conscience that we are co-responsible for such debasement.

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Economic development, strictly sense, is a means. There is something, however, which is an end in itself, an irreducible element in the way of thinking of the new generation - the confidence that the enlargement of the material bases of social and individual life is an essential condition for the fullness of human development. We are in a position antithetical to that of the legend of the good savage. We are not seduced by the mirage of the new Middle Age. We are not moved by the disquiet of those who see in the technical progress the seeds of destruction of "the essential man". Such an optimism is specific of the new generation with respect to the economic development - the confidence that the struggle for the dominion over the environmental world is nothing more than the path for the self-conquest of man, the final challenge to his potentialities of becoming a superior being.

The ends and the means

We have now here reached the central point of our reflexions: once defined the authentic objectives, how to get ourselves together for action. How to prevent that the struggle for intermediate or secondary objectives may lead us to lose from sight the true ends? This is an extremely complex problem, since the historical experience of the last decades has given rise to the appearance of a forceful option, in so far as underdeveloped countries are concerned, between individual liberty and the rapid material development of the community. Such a misleading alternative has been presented by contenders of both sides of the controversy, that is to say, the champions of liberty or those of the welfare of the masses.

In reality, the fact is more or less evident that the rapid material development of the Soviet Union, until recently an underdeveloped country was partially based on anti-human methods. The requisitions of agricultural surpluses, intended for financing the industrial development, were made manu militari, through compulsory collectivization and violent repression of all resistance. In order to justify such a drastic method, the "theory" was created that the peasant is fundamentally an individualist and that the only way of overcoming such "individualism" is by enforced collectivization. It is the theory of salvation through chastisement. Now, we all know that farm productivity is mainly derived from the technical level of agriculture; that no peasant "individualism" can be opposed to the rising of such a technical level, and that the real income of the agricultural sector is determined by the relative prices of that produced and that purchased by the peasant. The direct requisition of the surplus production of the agricultural sector, as occurred in Soviet Russia, came out from the fact that such was the easiest administrative method. Because of that administrative facility an enormous

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price in human lives was paid, as widely known. But even though we left aside the painful soviet agrarian experience, due reckoning must be made, as an universal evidence, that the rapid economic development of countries of a collectivist economy has been accompanied by forms of politico-social organization, in which all forms of individual liberty are beyond the limits that we may deem as tolerable. Such restrictions, albeit voluntarily accepted in phases of revolutionary ardor, can scarcely be tolerated as normal forms of human social living.

It must however be recognized that, from the viewpoint of the masses of underdeveloped countries, the reasoning about the historical experience of the socialist countries, with the loss of individual liberties, has been of small bearing. This, because those masses, since they had no access whatever to the superior forms of public life, cannot grasp the full meaning of the reasoning. Moreover: the supposed alternative liberty/rapid development may prove dangerous to liberty as a collective aspiration, since it might be inferred that the liberty to which a minority has access is paid by the sacrifice of the welfare of the great majorities. Should we come to admit as a valid thesis that the economic development of socialist countries was the counterpart of restrictions imposed upon civic liberties, we had also to accept as true the corollary that the price of the liberty which we enjoy is the delay of the general economic development.

Still less effective, from the viewpoint of the masses of underdeveloped countries, is the more straight way of arguing, according to which the development of the socialist countries is being obtained at an enormous human cost, including through forms of semi-slave labor. The fact is that the underdeveloped peoples are quite disposed to pay some price, even a very high one, for their development. This, because they know, from the hard experience of the poverty in which they live, the extremely high price they pay for remaining into an underdeveloped condition. How many millions of lives are annually mowed, in a country such as Brasil, by underdevelopment? How many millions of lives are consumed, through hunger and physical wearing out produced by primitive labor forms, before reaching their full maturity? How many millions of human beings are there without any access to primary learning, or any other chance of sharing medium and higher forms of education? Very few of us have any conscience of the deeply anti-human character of underdevelopment. When we do understand this, we can easily explain it. If the price of liberty for a few had to be the poverty of the many, let us be sure that there would be a scarce probability for us of remaining free.

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Had we to accept as real such an alternative and we would be confronted by fundamental deadlock deriving from a contradiction between those ultimate ends, that is to say, the targets which we endeavor to attain. The collateral explanation that such a contradiction can be by-passed through the sacrifice of present generations in favor of generations to come is a complete fallacy, inasmuch as we cannot at all be sure that the values destroyed today might be reconstructed tomorrow. Unless we accept a linear theory according to which to each degree of society's material development there is a corresponding development of other values; such a theory would entail the abandonment of the humanistic objective we had previously drawn, since only the economic development would be the independent variable within our system of social philosophy.

The universality of the insistence upon the above mentioned alternative stems from the fact that it has been elaborated in distinct forms by antagonistic champions. Those self-entitled defenders of liberty have elaborated it in the sense that, the structural changes in the social order, necessary to a rapid acceleration of the development of underdeveloped countries, have only been viable by the suppression of man's fundamental liberties. Those who argue on the opposite side, elaborate the same alternative from another historical fact that the only effective method to introduce the necessary social changes for the rapid development has been a revolution of the marxist-leninist type, which due to its own nature requires the setting up of a rigid dictatorship. Thus, there is the unacknowledgement, from both sides, that the social changes are the efficient cause for the acceleration of material development in underdeveloped countries. On the one hand there is the evidence that such transformations, wherever they have occurred, are coupled with the suppression of fundamental liberties. On the other hand, there is the postulate that the effective method to carry out such transformations engenders the rigid dictatorship.

The discussion around this matter of such a great importance has been overshadowed by a great confusion of concepts, either unconscious or deliberate. More than ever there is a need for us to make a clear distinction between those ultimate ends, from which we must not swerve in the struggle for the improvement of forms of social living - although such ends had been incorporated to social philosophy of Marx, they do constitute elements of a much wider conception of the world which was being developed in the West since the Renaissance - of the techniques developed for attaining such objectives, either totally or partially. Marxism-leninism is one of such techniques. It postulates the unavoidability of the violent revolution, with the new order to be enforced by a dictatorial regime, which is to last as long as a transitional period of an indefinite duration. It is necessary not to forget that such a technique was developed and improved in the struggle for the destruction of a quite rigid politico-social structure such as

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tsarism. The historical experience of the last decades has demonstrated that, such a revolutionary technique applied against other rigid structures - that of Nationalist and Japanese - occupied China, and the Cuba of Batista are conspicuous examples - can be highly efficient, requiring a spartan discipline on its base and the daring leadership of an Alexander.

The same, however, cannot be said, in so far as open societies are concerned. The example of Western Europe seems to be conclusive: high party-machines guided by marxism-leninism were perplexed by a politico-social reality in permanent mutation. There is no difficulty in the explanation of this historical fact: marxism-leninism identifies the State - which is defined by it as "a special repressive force" as the dictatorship of class, the bourgeoisie. The unity of the revolutionary action is made easier by the clear definition of the objective. Yet, from the moment the State is no more the mere dictatorship of a class, to become a composite system even though under the aegis of some class, that revolutionary technique loses its effectiveness. The need for discriminating between the good and the evil in the state action, from the viewpoint of a class, requires a capacity for adaptation that a monolithic revolutionary part cannot have.

It must be inferred from historical experience that, only there where a revolution of the marxist-leninist type was successful, there took place deep social transformations, the efficient cause for a rapid economic development. On the other hand, the same historical experience does demonstrate that a revolution of such a type took place only there where the politico-social structure was rigid and anachronistic. From the conjoining of these two observations on a historical base there has resulted that false alternative: wherever there has been a social revolution there was already a dictatorship. And the method to destroy the dictatorship made implicit the need for substituting it by another. Hence, some thinkers have made the deduction that social transformations engender the loss of the fundamental liberties while others stated that the acceleration of the development can only be ensured by a dictatorial regime.

Duality in the Brazilian politico-social structure

Let us now take up frontally the Brazilian problem. In the light of historical experience there is no difficulty for explaining why the peasant class in Brazil is much more susceptible to be influenced by revolutionary techniques of the marxist-leninist type than the worker class, albeit, from the viewpoint of the marxist orthodoxy, the latter should be the vanguard of the revolutionary movement. The fact is that our society is an open one to the worker class, but not for the peasant class. In fact, our political system permits that the worker class be organized for making effective its claims, within the rules of the

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democratic game. But the situation of peasants is quite different. Since they have no rights they cannot have legal claims. If they organize themselves, the inference emerges that they do it for subversive purposes. The necessary conclusion which we must draw is that the Brazilian society is rigid in so far as large segments are concerned; that formed by the rural sector. With respect to that segment there becomes valid the thesis that the marxist-leninist revolutionary technique are effective.

We come now to a conclusion of an extraordinary importance for us: the existence of a duality within the Brazilian revolutionary process. To the extent in which we live in an open society, the attainment of the supreme social objectives tends to assume the form of successive approximations. To the extent we live in a rigid society, those objectives will tend to be attained by a cataclysmic disruption.

I will indulge in one more reflexion upon revolutionary methods: marxism-leninism being based on the substitution of the dictatorship of a class for that of another class, from the political point of view, it would amount to a regression to apply it to societies which may have attained more complex forms of social living, that is to say, to modern open societies. If it is true that the expansion of the material base brought about by the development has come out to make easier to man a fuller life, it is no less true that the form of politico-social organization constitutes the landmark within which the higher expressions of human life are affirmed. Even though there may be some probability that in the future the full development and the forms of politico-social organization capable of affording the full affirmation of human values will be able to co-exist, at the historical stage in which we find ourselves such a fact does not necessarily occur. To have attained the higher forms of politico-social organization means a conquest at least as definitive as that of having attained high levels of material development. From this point of view, in an open society, wherever complex forms of social living, have been attained a revolution of the marxist-leninist type means obviously a political regression. The historical experience has demonstrated that whenever such a thing occurs—the cases of some countries of Central Europe — socialism as a form of humanism is perverted. There being no possibility of passing from an open society to a dictatorship without creating a climate of social frustration, a reversion of values in manifold planes takes place. Since the dictatorial regime does not permit that man may play the role which is socially proper to him, there is a need for rising to the first place a series of social myths which supersede the true human values. Thus, the material development can take place simultaneously with the consolidation of a social order based on principles which are the reverse of that which was in the essence of humanistic revolutionary ideals.

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If we wish to strike deep into the roots of the problems which we have to face, we must clearly formulate the question: what viability does the Brazilian revolution have of being effective through marxist-leninist methods? I believe there are two possibilities for this to occur. The first one is connected with the agrarian problem. We must not forsake that more than a half of the Brazilian population is directly connected with the agrarian sector. To the extent this sector be kept within its present rigidity, every claim arising from peasants will tend to a fast assimilation of revolutionary techniques of the marxist-leninist type. We have, therefore, in the flow of the Brazilian revolutionary process, an important sector with a marxist-leninist bias which, within some given conditions, may be able to prevail. The practical consequence would be the predominance in the Brazilian revolution, of the sector with the least degree of politico-social evolution. Those authentic objectives of our politico-social evolution, as previously defined in terms of humanism, would partially be frustrated beforehand.

The second possibility to carry out a revolution of the marxist-leninist type is linked to a process of politico-social reversion. We have observed that a revolution of such a type is hardly viable in an open society, unless it be imposed from without to within, as it has happened in some countries of Central Europe. Yet, the possibility of a reversion in our politico-social organization is not to be excluded. The imposition of a dictatorship from the right, making rigid the whole politico-social structure, would create conditions favorable to an effective revolutionary regimentation of the marxist-leninist type. But even in this case, the most probable is that the agrarian revolutionary sector would tend to predominate. The substitution of a dictatorship for another would however be much easier than the imposing of dictatorship to the urban social sector, which already enjoyed some forms of higher politico-social organization. Without the objective conditions determined by a politico-social reversion in the country, the only possibility for a revolution of the marxist-leninist type comes from the persistence of an anachronic agrarian structure.

Directions for action

I believe we have already advanced enough for daring to infer some principles which may guide us in political action. We will have no difficulty in reaching some agreement with respect to the fundamental objective which is man in his fullness, freed from all forms of exploitation and subjection. Above all, we are humanists. That objective can only be attained if we organize ourselves to attain and maintain a high rate of economic development, and that if such a development be conducted with a true social criterium.

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In the present Brazilian reality, to carry out that policy there is a need for bringing about with decision some important changes in our basic structures. Since we are not prepared for these changes and the collective anxieties become more acute from date to date, by transforming the development into a political imperative we have come out to live into an authentic pre-revolutionary phase. Hence, the first place of present-day political concerns is occupied by the techniques of social transformation and revolutionary methods.

Due to the degree of development already reached by our social and political structure, we must consider as a reversion such revolutionary methods as those which would necessarily result into dictatorial political forms under the aegis either of social classes or ideologic groups or rigid party-structures. To avoid the pre-eminence of revolutionary techniques of that type there is a need for:

- a) preventing all forms of regression in our politico-social system, and
- b) creating conditions for a fast and effective change of the anachronic agrarian structure of the country.

These general directions must be elaborated into specific norms of action. To avoid a social regression requires more than the mere desire for it: there is a need for creating objective conditions of a preventive character. Any regression in the politico-social organization will not come out haphazardly, but as a reflection of the panic among some privileged groups confronted with a growing social pressure. Since rigid structures do not permit gradual adaptations, the rising tide of pressures will tend to create pre-cataclysmic situations. In those situations the minanting groups are seized by panic and they throw themselves into emergency solutions or preventive coups. If the changes were progressive and gradual the political system would resist.

Thus, the basic task, for the time being, consist of giving more elasticity to the structures. We have to tread with audacity the path for constitutional changes which may afford to carry out the agrarian reform and to change basically the state administrative setup, the fiscal system and the banking structure. We have to subordinate the state action to a clear definition of economic and social development objectives, being up to the Parliament to draw directions but taking off from local politicians the power of discriminating appropriations. We have to prove the Government with means to punish effectively those who embezzle public funds to control superfluous consumption, and to dignify the function of the state officer. We must have a legal statute to discipline the action of foreign capital, subordinating it

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to the objectives of the economic development and to those of political independence. The Government must have means available for knowing the origin of all resources invested into large-scale means of orienting public opinion. And above all we must have a plan for the economic and social development compatible with our own possibilities and in conformity with the longings of the people.

Excerpt What must we do in order to transform into norms of action such longings and aspirations? I believe that the most immediate task is to organize public opinion so as to have it organically expressed. It is up to the students, workmen, entrepreneurs, intellectuals, and perhaps even the peasants, through their incipient organizations, to start the frank debate over that which is expected from the country's political organs. The more complex problems must be the object of systematic studies by groups of specialists, conclusions being destined to become the object of a general debate. The country is mature to begin the reflexion on its own destiny. From general debates and from expressions of public opinion the platforms must emerge that will serve as base for the political campaign for the election this year of a new Parliament.

I am convinced that upon the youth will be incumbent once more the leadership of this great movement for the mobilization of the national public opinion in favor of the authentic cause of the development of our Fatherland.

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July 9, 1962

Dear Congressman Van Duff:

Thank you for your communication of June 27, 1962 addressed to Secretary Lamb with which you enclosed a letter from Mr. Donald Campbell concerning the political situation in Brazil.

We have read Mr. Campbell's letter with interest and have noted his concern lest complacency on the part of the Brazilian public allow communist-nationalist elements to make great gains in the forthcoming Brazilian elections.

The Brazilian people are demonstrating an awareness of the communist threat to democratic institutions. This is evidenced by the formation of various pro-democratic action groups designed to counter communist propaganda. These organizations have been created by factions of the political parties, by the Catholic Church, and by business groups.

In addition, over 90 per cent of the Brazilian news media are controlled by democratic elements which actively oppose communism in Brazil. Also, the Brazilian Chamber of Deputies, which is a reflection of Brazilian political attitudes, is dedicated at the present time by consensus.

We believe that the Alliance for Progress program in the long run will help to strengthen democratic government in Brazil by its frontal attack on the social and economic ills that provide the concrete with fertile ground for protest and agitation. With regard to the next few months the Alliance program includes a number of projects which will have immediate impact, especially in the depressed northeast sector of Brazil. At the same time the United States education program in Brazil will continue to seek

to promote

The Honorable
James H. Van Duff,
House of Representatives.

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to promote a favorable image of the United States through press releases, films, radio and television programs, and cultural exhibits.

I hope that this information has been of assistance to you. If you have any further questions on this subject, please do not hesitate to write me.

Sincerely yours,



Frederick G. Batten
Assistant Secretary

Enclosures:

From Mr. Campbell.

Clearances:

AD/IA/B - Mr. Rosen *AP/2*
AD/P - Mr. Green *208*

Ans-H

[Signature] 7/2/62
[Signature] 7/6/62

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ARA

JAMES E. VAN ZANDT
MEMBER OF CONGRESS, 20TH DISTRICT, PA. JUN 27 1962

Honorable Dean Rusk
Secretary of State
Department of State
2201 C Street
Washington 25, D. C.

INFO:
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file
reply drafted
7/2/62
E. J. Sullivan

Campbell, Donald
732.00 / 6-2762
Situation In Brazil.

Sir:
The attached communication is self-explanatory and is referred to your attention for reply.

It shall be appreciated if you will reply to me, enclosing an extra copy for my use in supplying my constituent with the requested information.

Please return the enclosed communication.

Respectfully yours,

James E. Van Zandt

James E. Van Zandt
Member of Congress
20th District Pa.

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6/28/62

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DESP 321

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0401

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11:47 a.m.

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FROM: Recife

ACTION: *EST/9*

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TO: Secretary of State

CAP

NO: 425, June 27, 3 p.m.

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ACTION RIO DE JANEIRO INFORMATION DEPARTMENT 425

WEEKA Tel

Compromise gubernatorial candidate still unnamed but Governor Sampaio reported impatient with procrastination President Goulart and PTB and on verge launching candidacy Paulo Maciel, Secretary of Treasury. Position other parties in this event uncertain but likely that Maciel would attract PTB and dissidents of PSD.

Morning press reports Arraes yesterday withdrew registration his candidacy from Tribunal Regional Electoral with option register again later. This move taken to circumvent ruling of Tribunal Superior that mayors who registered as candidates any office must leave official positions July 7. Arraes now able continue control City Government until advantageous leave office.

Local foreign exchange dealers predict 75 point drop in value crubciro if Dantes named Prime Minister.

MDF

DELGADOARIAS

019 1962

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FROM: Rio de Janeiro

TO: Secretary of State

NO: 3063, June 28

PRIORITY

Embassy Telegram 3008

Report promised June 26 pouch going June 29 pouch instead.

GORDON

MLB/14

Control: 22658

Rec'd: June 28, 1962

8:15 p.m.

6/28/62

Rio de Janeiro
Tels 3063
from Gordon
7:32 p.m. 6/28/62

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Action
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Rec'd: June 29, 1962
6:18 p.m.

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FROM: Recife

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TO: Secretary of State

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IOP

INR

NO: 427, June 28 6 p.m.

PRIORITY

ACTION DEPARTMENT 427, INFORMATION RIO DE JANEIRO 368

RMR

In conversation today with Dr. Emerenciano, chief Civil Household, he reflected discouragement of Governor Sampaio over development in gubernatorial race. According to Emerenciano, Cleofas still very much in race, and due to divided front trend under way his favor. According to Emerenciano Governor still lacks financial resources and backing to announce Paulo Maciel. Furthermore he still committed to Cleofas and cannot disengage unilaterally without exposing himself to charges of political treason which regarded as extremely serious in Pernambuco. Cleofas has candidly expressed willingness withdraw on condition one other candidate clearly stronger. Due personal and party disagreements this not now evident. Emerenciano complained one of strongest pressures for Cleofas comes from IBAD which apparently conditioned an offer of assistance to Governor insisting Cleofas be candidate. This appears in contradiction to Consulate General's understanding of IBAD's position heretofore. Embassy may have other information and may wish explore possible modification his stand.

In Emerenciano's estimate if Congress had accepted Dantas' nomination for premier President would unquestionably have turned against Arraes.

With/

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-2- 427, June 28 6 p.m. From Recife

With Dantas out, Goulart may now feel better able to play ball with Recife mayor, whose position is stronger, having time on his side.

Emerenciano also informed me that editor Costa Porto of DIARIO DE PERNAMBUCO had instructed against continuation series in Paul Maltas' column, "Periscopio" of anti-Communist exposures and pro-Communist charges against Arraes. Pressures apparently great on newspaper but sources not clear. This leaves government without available press outlet for its anti-Communist information which it undoubtedly receiving from army G-2 sources.

As picture appears now anti-Arraes elements cannot do without Sampaio, nor can he successfully act without their backing. Governor's tactic is to stand fast in desperate hope forcing other reluctant elements to his side as last minute measure. No indication any early agreement on any one candidate.

DELGADO/ARIAS

CT

0405

AIR POUCH
HANDLING INDICATOR

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FOREIGN SERVICE DESPATCH

FROM : Amembassy BRASILIA Office 1058
NO.

June 28, 1962
DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON.

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SUBJECT: Brazilian Elections 1962: Report No. 14: The Issues

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Summary

The issues of the 1962 campaign have begun to emerge: "basic reforms," the parliamentary vs. the presidential form of government, the Alliance for Progress, Brazil's "independent" foreign policy and the problem of Communist infiltration are already subjects of wide discussion and debate. The recent cabinet crisis has thrown the reform and foreign policy questions into particular prominence--indicating as it did a PTB plan (with apparent presidential backing) to make congress' refusal to install a "nationalist" cabinet (i.e., one dedicated to "independence" externally and "basic reform" internally) headed by San Tiago Dantas a key campaign issue--in the hope of electing a large PTB, pro-Goulart majority to Congress next October.

The activities of Goulart and Dantas in this instance serve to illustrate the (sometimes decisive) importance of personalities as moulders of issues--though it is still too early to assess the relative importance of this factor in most of the upcoming contests.

Despite the fact that the campaign is still in its infancy, it can be said with some certainty that such basic issues as the high cost of living, and such signs of material and social progress as schools and housing will, as usual, exert a strong influence on the electorate--an influence which may or may not be neutralized by the din of political oratory or the messianic influence of key personalities.

- o -

I INTRODUCTION

This despatch is intended to set forth what appear to be the larger issues of the 1962 election campaign. As such, it will attempt briefly to place each of these issues in its electoral context. Perforce, it is not an exhaustive substantive survey, both because issues of real substantive significance will be covered in depth in separate despatches and because other, perhaps crucial, issues will inevitably arise as the campaign progresses from its present preliminary stage.

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From Brasilia OfficeII THE POLITICAL ISSUES

The "political issues" are those which, though they will probably create a great deal of campaign sound and fury, may or may not be significant vote getters. It is, of course, a somewhat artificial distinction and, given the largely parochial (i.e., state and local) character of the elections, may, for a given issue, be valid in one area and not in another.

A. THE "BASIC REFORMS"

The so-called "basic reforms" are only reluctantly, and tentatively, placed in the political category. Certainly the fact that they have been cast dramatically into the campaign by President Goulart himself and, in addition, are apparently becoming part of virtually every politician's oratorical baggage indicates that many of the skilled practitioners of Brazilian politics believe them to be electorally important. Certainly, too, there is every indication that they will be one of the most talked about subjects of the coming campaign.

Nonetheless, the electoral worth of the "basic reforms" issue still remains to be proven. "Basic reforms" did not even exist as an issue in 1958--when the last previous elections for the offices presently being disputed were held.¹ In one form or another, of course, they were a topic of considerable discussion in the 1960 campaign. Some observers attribute that year's smashing electoral success of Janio Quadros partially to his advocacy of them, though the over-riding personalism of those elections makes it virtually impossible to verify this hypothesis. Too, the very fact that advocacy of "basic reforms" has now become popular militates to some extent against their electoral effectiveness.² For, with politicians generally feeling forced to plump for them publicly (regardless of what they really believe) the issue must inevitably lose some of its edge of controversy.³

- 1 The sociological and political significance of this fact (which, *inter alia*, is of considerable importance to the goals of the Alliance for Progress) will be dealt with--together with the other substantive aspects of basic reforms--in a separate despatch.
2. Though not against their long-range utility, since talk will eventually lead to action.
- 3 A circumstance similar to that which obliterated much of the effectiveness of the so-called "nationalist" issue in 1958, thus permitting the electors to view the candidates more dispassionately with happy results for Brazil's political stability.

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These hazards notwithstanding, President Goulart has obviously decided that strident advocacy of basic reforms is of utility both in proving his devotion to the tenets of progress in general and the demands of the Brazilian Left in particular--in addition, of course, to serving as an apologia for his Administration's failure to take more vigorous action in the field of social and economic progress (Emb. Desp. 907 of May 16). Indications are that many will follow his lead. Thus, a growing volume of campaign oratory is certainly in prospect.

1. Agrarian Reform

Agrarian reform is doubtless the most widely talked of and (probably) electorally meaningful of the (usually ill-defined) basic reforms. A topic of (limited) political discussion even before the term "basic reforms" became part of Brazil's political vocabulary, agrarian reform has almost as many definitions as it has advocates--from the relatively mild tax measures characteristic of the recent SBo Paulo agrarian legislation to the collectivization schemes of the Cuba-style Far Leftists in the Brazilian Northeast. Given this diversity, almost everyone can be "for" agrarian reform--and is, a fact which, as noted above, tends to vitiate this issue's electoral effectiveness. In this case, however, a division of opinion seems clearly to be emerging--based on the constitutional provision requiring full and prior cash indemnification for land expropriated in the public interest. A growing body of Leftist-led opinion (recently joined by President Goulart) advocates either abolishing this provision or altering it (by, for example, stipulating that payment be made for the "historical" value of expropriated land or permitting that payment be made in government bonds) on grounds that the Brazilian Government otherwise could not afford the expropriations necessary to effective agrarian reform. Conservatives in general and land owners in particular vigorously oppose this position---principally (and logically) because it strikes at the heart of much of Brazilian society (which is still essentially a landed aristocracy in many areas). It should be noted, however, that it is precisely in those areas where a rural aristocracy still holds sway that the cry of agrarian reform (generally cast in terms of land for the landless) has already proven its political effectiveness.

Agrarian reform then, will probably be an effective issue in the Northeast (e.g., Pernambuco) and, possibly, such other key areas of nascent agrarian unrest as Rio Grande do Sul and Rio de Janeiro.

2. Electoral Reform and the "Economic Power."

A perennial election-time topic, electoral reform has this year been given a new and significant twist. The basic proportions of the problem have not changed, of course; the proposals to extend

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the vote to illiterates; to establish electoral districts; to provide free and equal radio and TV time to all candidates; to establish a single, official ballot for proportional elections are probably all doomed to return ultimately to the congressional pigeon holes whence they came because they would, singly or collectively, upset the system, under which the presently-dominant parties have come into office.⁴ The new elements are the fact that, this year, electoral reform is being termed a "basic" reform coupled with the (Far) Leftist cry that, unless changes are made in the present system, the "economic" power" (by which is meant the economic power of the rich) will dominate the elections--thus obliterating the voice of "the people." Though such a tack is probably of limited utility in a country where many voters still want to go with the winner--be he rich or poor, its post-electoral uses (as a screen for extra-legal challenges to the validity of the election) are obvious. There are several indications that the Far Leftists of the Brizzola stripe (who are apparently in doubt as to their electoral chances) intend to use it for this purpose (see Embassy Rio Despatch 1006). Thus, the cry of "economic power" should be a prominent part of not a few campaigns--particularly those in São Paulo, Guanabara and Pernambuco.

3. Tax Reform

Tied closely to the general picture of this allegedly omnipotent financial oligarchy out of which the Left is trying to make electoral hay is the theme of tax reform. Substantively, of course, this subject is too complex to be possessed of much voter appeal. And, inasmuch as the universal propensity to tax evasion is Brazil's greatest tax problem, it would logically seem the height of folly for a candidate to preach reform of this socially-condoned evil. The propaganda, however, generally ignores the facts in favor of a "soak the idle rich" appeal. Inasmuch as the image of an irresponsible (and non-tax paying) upper class is not without a certain validity, it may be expected that the tax reform theme will be heard with fair regularity, particularly in the urban centers (where large masses of salaried, and therefore grudgingly tax-paying, voters are to be found). Its general electoral effect, however, must be labelled dubious.

⁴ Though the recent passage of a sweeping electoral reform bill by the Federal Senate gives this topic new impetus this year. A despatch on this subject is in preparation.

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4. "Remittance of Profits"

An integral part of the "basic reforms" pitch ever since the latter's introduction (in the PTB program) in March, 1959, this issue centers on the necessity (or lack thereof) of limiting (or eliminating) profits remittances by foreign firms operating in Brazil. A bill regulating such remittances is now pending in Congress and, were it to be passed, would presumably remove this issue from the campaign (though this is only a presumption: a mild bill would be attacked by extremists as a sell out to the foreign trusts). Given the general congressional dilatoriness prevalent during any election campaign, however, this bill may well not be passed, though its chances are possibly better than those of any other "reform" legislation currently pending. Thus, it must be presently assumed that ultra-nationalists will continue to agitate this issue--as part of their perennial attack on the foreign (i.e., American) "trusts". Though there can be little doubt that such attacks have had a considerable cumulative effect on general attitudes over the years, the 1958 election results did not indicate them to be of any immediate electoral effectiveness--prevalent political mythology notwithstanding.

Significantly (for U.S.-Brazil relations), present indications are that other such hoary ultra-nationalist battle cries as "The Oil is Ours" and "nationalization of the trusts" (e.g., foreign-owned utility companies) have also lost much of their electoral comp--if indeed, they will even be extensively used, this year. In the former instance, the scandal-ridden Petrobras administration of Francisco Mangabeira has clearly put the doctrinaire ultra-nationalists on the defensive, whereas in the latter the recently-issued decree providing for orderly, expropriation of all foreign-owned utilities should largely remove this formerly explosive issue from politics.

5. Constitutional Reform

By this is meant reform of the constitution so as to alter the political organization of the country. This topic has not normally been associated with the "basic reforms." In his May 1 address (and subsequently), however, President Goulart linked the two by asserting that constitutional revision was a necessary prerequisite to basic reforms. Specifically, Goulart proposed the granting of constituent powers to the next Congress in order to permit it to more easily make the constitutional revisions which he asserted were essential to basic reforms. Inasmuch as Goulart has been lustily challenged on this thesis (and, inasmuch as the present Congress is unlikely to vote the requested special powers to its successor) the issue of "constitutional reform" is almost certain to be a prominent electoral theme. The President and

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his supporters apparently hope to tout "constitutional reform" (as outlined by the President) as a panacea for Brazil's social, economic and political problems, though it is perfectly obvious to all observers that the President's real objective in pushing for constitutional reform is the restoration (in whole or in part) of the presidential powers of which he was shorn last September. The conservative forces (largely PSD and UDN) which control Congress (and who are perfectly well aware of the president's real motives) have already demonstrated that they will reply that what is lacking is not reform, but leadership--and claim that this lack is the President's fault. Unfortunately, it is difficult at this preliminary stage of the campaign to tell what, if any, effect this colloquy will have on the electorate.

B. PRESIDENTIALISM VS. PARLIAMENTARIANISM

In a larger sense, of course, the President's May Day speech raised again (and placed squarely in the middle of the campaign) the issue of whether to retain the "hybrid" parliamentary system of government which was adopted in September 1961 or return to the presidential system which had prevailed (excepting the eight years of Vargas' dictatorship) from the founding of the Republic to the resignation of Janio Quadros. This issue has, to a greater or lesser degree, agitated Brazilian politics throughout the short months that the parliamentary system has been in existence--and this level of agitation is certain to increase as the already-evident pressures of the campaign raise the level of political uneasiness. This, of course, is a normal phenomenon: even under the well-established presidential system, national election campaigns inevitably raised the issue of the stability of the regime. Given the infancy of the present system of government, this issue is bound to be cast in more dramatic terms than usual during the present campaign.

The interested parties in this dispute are fairly obvious. The Congress, its powers considerably (if not decisively) increased by the recent changes will strongly resist any reversion to presidentialism. By the same token, President Goulart has already clearly demonstrated that he intends to press at every opportunity for a restoration (either partial or full) of the powers of which he was shorn last September. Indeed, the President's intentions have not only been made clear in several of his recent public addresses, but have also been evident in his actions during the present crisis, attendant upon the formation of a new Cabinet. And in view of the proportions and potential of that crisis (i.e., the possibility that it could ultimately bring the regime itself crashing down--see Embtel 2967), it can be readily seen that the sometimes seemingly abstruse question of presidentialism vs. parliamentarianism is of fundamental importance.

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Most observers, however, expect that the present crisis probably will not result in a shattering or basic alteration of the present "hybrid" system--regardless of the deafening roar of political thunder which it has provoked. This being the case, the issue must be considered on its purely electoral merits. And, while the issue will certainly be both openly (and covertly) agitated throughout the campaign, there is as yet no definite indication that it will sway voter opinion in a given manner. Preliminary surveys of electoral opinion do, of course, indicate that the mass of voters prefer presidentialism (an understandable reaction considering the lines of benevolent despotism along which most Brazilian institutions are organized). Thus, any candidate running on a presidentialist platform will presumably have the basic sympathies of the electorate on his side. In addition, the parliamentary system can (and will) be used as a scape goat for failures of executive omission by those presently holding office. Indeed, this tactic is already being regularly employed by President Goulart, who never misses an occasion to tell the electorate that, under the present system, there is little he can do to solve the country's basic problems.

In the final analysis, however, the voter appeal of this quintessentially political issue remains an enigma--a fact clearly demonstrated by the recent meeting of governors in Araxa (Emb Desp. 1005 of 6-12-62). For in deciding to publicly support only a call for a plebescite on this question, the governors (who, as a group, have as large a political stake as anyone in a return to the presidential system), indicated their own doubts as to the electoral merit of taking a clear-cut stand on the issue.

C. THE ALLIANCE FOR PROGRESS

The Alliance for Progress has become a political, and therefore to some extent an electoral, issue in Brazil.

A program aimed ultimately at a fundamental reform of Brazilian society, the Alliance might be expected to stir up controversy. The attacks against it, however, have not come from the entrenched conservative interests. Instead, they have come, on the one hand, from the demagogues of the Far Left and, on the other, from ex-President Juscelino Kubitschek and a small band of his intellectual advisors, headed by poet-cum diplomat, Augusto Frederico Schmidt.

The attacks from the Left are understandable: the Alliance has virtually cut the ground from under the fundamental ultra-nationalist contention that the United States is interested only in exploiting Brazil for the benefit of "Wall Street" and the

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"trusts." By those relative moderates of leftist ultra-nationalism who are really interested in the facts, of course, the Alliance is viewed as a favorable development, connoting a positive U.S. interest in the solution of Brazil's problems. To those, on the other hand, who obviously view ultra-nationalism as a convenient cloak for anti-Americanism, the Alliance has proven more than unwelcome. Led (for the present) by Governor Leonel Brizzola, these fanatics of the Far Leftist fringe have been attacking the Alliance as a vehicle for U.S. "occupation" and interference in the internal affairs of Brazil. The significant fact about this development lies, however, precisely in the fact that this group is becoming more and more readily identifiable as a fanatic fringe--an identification which should prove even easier to make as continued evidence of material and social progress under the Alliance makes itself felt (thus winning away well-intentioned, but previously misinformed, advocates of ultra-nationalist tenets). Thus, though the decibel level of these anti-Alliance attacks will undoubtedly rise as the campaign progresses, their over-all electoral effect should not be too great. This, however, is obviously a judgment which may have to be modified to suit specific circumstances. In areas where larger expectations of progress and change have been created--particularly the Northeast--a failure of the Alliance to produce obvious material results prior to October could (whatever its causes) prove to be a distinct advantage to the candidates of the anti-U.S. Far Left.

The electoral efforts, and effects, of the other political pocket of resistance to the Alliance are presently more difficult to assess. Ex-president Juscelino Kubitschek has levelled a series of persistent, though low-level, attacks at the Alliance for some months past. Indeed, he has even pursued this tactic in the United States on a recent tour. Since the ex-President's attacks generally consist largely of the charge that the Alliance lacks sufficient "political" content, their motivation and intent are difficult to identify. For one thing, of course, it has long been clear that Kubitschek views the Alliance as merely a renaming of his (much ballyhooped during his term in office) "Operation Pan America"--and, as a result, deeply resents it as an unjust usurpation of his own idea. For another, Kubitschek is very obviously already a candidate for the presidency in 1965 and, as such, has been reaching rather desperately for issues with which to keep himself in the public eye. Attacks on the Alliance apparently have seemed to him to suit that purpose. Finally--and possibly more significantly--however, the ex-president built his entire administration on the so-called economic theory of "developmentism," one of the primary tenets of which was the proposition that sufficiently large sums of money poured into industrial progress would inevitably bring social and economic progress to the nation as a whole. In part, of course, this beguiling "trickle down" theory of economic development was the child of political necessity, just as were most of the

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hallmarks of Kubitschek's (admittedly successful) administration. As a progressive leader of a conservative party, Kubitschek found it expedient (not to say necessary) to make economic progress palatable to the dominant conservative leadership of the country. "Developmentism" did just that, whereas a "rounded" approach which included such innovations as fundamental agricultural, educational and fiscal reform would not. That Kubitschek and Co. still adhere to these same ideas was made clear by a recent interview granted by his long-time advisor, Augusto Frederico Schmidt. (Emb. Desp 939 of 5-24-62). As noted above, of course, Schmidt and Kubitschek are presently playing this theme in a low key--and may, if they decide it to be tactically expedient (e.g., in the face of obvious general acceptance of the Alliance) drop their attacks on the Alliance entirely. The basic appeal of their economic philosophy, held by a not inconsiderable number of Brazilian leaders, may, however, one day prove important--particularly should the shoe of economic progress under the aegis of the Alliance begin to fit too tightly on the foot of Brazilian conservatism.

D. AN "INDEPENDENT" FOREIGN POLICY

Closely linked to the Alliance is the question of Brazil's so-called independent foreign policy. At first glance, it would appear that the latter admirably comported with the former, inasmuch as a principal Alliance goal is the creation of a concert of truly independent nations. In practice, however, "independence" has frequently seemed to serve Brazil as a cover for the sort of neutralism which is both more anti-American and pro-Soviet than might seem appropriate to the truly independent stance of a member of the Inter-American community. This was particularly true of the sort of "independence" which typified the Quadros interregnum-- (an independence which, inter alia, combined obsequious courting of Castro and the Soviet Bloc with continuous, calculated insult to the U.S., plus a thinly-veiled attempt to build an anti-U.S. Latin American bloc). Indeed, it was the blatant anti-Americanism of Quadros' foreign policy which made it a burning public issue, and one which contributed in no little degree to his ultimate downfall. This lesson has not been lost on the present administration which, though it practices essentially the same foreign policy as did Quadros, does so without the noisome publicity which he employed. Too, present Foreign Minister, San Tiago Dantas, is a much more intelligent and suave pleader of the "independent" cause than was his predecessor. Thus, "independence" is presented to the public (both Brazilian and international) as having the freedom of neutralism, the advantages of alliance with the West, the virtue of being "above" the Cold War and the reward of greater trade opportunities with the Soviet Bloc, while at the same time allegedly enjoying the unstinting approval of both the United States and the Church. That such a package is generally accepted by the Brazilian public is not surprising, and was strikingly illustrated by the recent

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thumping defeat in the Chamber of Deputies of a motion to censure Dantas' policies (Emb. Desp. 975 of 6-5-62). This superficial acceptance, however, obscures two facts. First, the "independent" foreign policy, whatever its temporary aberrations, is accepted as a matter of course by a growing number of Brazilians, who see it as the natural outgrowth of Brazil's emergent power status. Despite this general trend toward wide acceptance--however, there are still strong and vocal pockets of resistance to "independence" as practiced by the present administration. Thus, Brazil's independent foreign policy is still an electoral issue.

Indeed, it is possible that it may become one of the central issues of the campaign. In large measure, this is the work of Dantas himself. For just as Dantas' abrupt renewal of diplomatic relations with the Soviet Union activated a fear of Soviet subversion which is the toughstone of much of the violent conservative opposition to his foreign policy, his attempt to utilize that foreign policy as a means of gaining leftist-Communist support for his bid for the Prime Ministry has triggered a recrudescence of the polarization of Brazilian politics which dominated the scene during, and immediately subsequent to, the August 1961 crisis. An "independent" foreign policy of course is only a part of this growing leftist clamour for a "nationalist" cabinet (i.e., one headed by Dantas), the other component being the demand for "basic" reforms which will give the country an equally "up to date" internal policy. Should Dantas fail in his bid for power, however--and every indication is that he will--there appears to be little doubt that he and his supporters (who include the FTE, the Communist-influenced Left and, possibly, President Goulart) will attempt to make the most of this alleged rejection of "independence" and "nationalism" by the so-called "reactionary forces" of the Congress.

Should this occur, it is certain that the administration's increasingly strident critics will reply in kind.

Whether such an acrid debate would, in fact, sway many voters, though, is a moot question.

E. THE COMMUNIST DANGER

The discussion of this issue is, for the moment, largely linked to the renewal of relations with the Soviet Union and the resultant influx of Soviet personnel, particularly the several hundred which accompanied the recent Soviet trade fair in Rio. Indeed, discussion of this infiltration has become sufficiently loud and controversial that Foreign Minister Dantas felt compelled to defend the Administration's position in the recent Chamber debate pursuant to the attempt to censure his foreign policy. In addition, the same conservative and centrist elements concerned at this development have continued, since the crisis of last August,

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(during which there was considerable evidence of Cuban infiltration, particularly in Rio Grande do Sul) to point--albeit in a generally sporadic fashion--to the various situations indicating increased Communist influence and penetration (such situations being generally related to agrarian unrest and/or arms smuggling). Recently, a series of such warnings have been sounded by military commanders in the Brazilian North--warnings which have been repeated in a nationwide context by other military figures, reportedly discussed in the Council of Ministers, and echoed and amplified by the centrist and conservative press. Given the renewed trend toward polarization of Brazilian politics noted above, such charges are bound to become more frequent and strident--a development clearly adumbrated by the recent reappearance of Carlos Lacerda on a nation-wide TV hook-up, in order to denounce Foreign Minister Dantas' alleged plans to "hand over" the country to the Communists.

It is extremely difficult, however to evaluate the probable electoral effects of this issue. Considering the frequent Brazilian inability to understand the dimensions of the Communist threat⁵ it might be logically assumed that the issue of Communism should have little effect on the voters next October, whether or not the facts themselves have become more ominous. And, in general terms, this assumption is probably correct. The Embassy's analyses of the 1958 elections, however, indicated that this issue did play a part in several contests, contributing to the defeats of Adhemar de Barros and Lutero Vargas in São Paulo and the Federal District, respectively. The increasing evidences of Communist infiltration, the indications that a considerable body of the PTB (led by Foreign Minister Dantas, and, perhaps, including the President) may again ally itself more or less openly with the Communist party for electoral purposes, and the recently-initiated campaign of the Church hierarchy to instruct the faithful in electoral matters--with particular reference to Communism and social reforms (see Emb. Desp. 802 of 4-11-62) all indicate that the issue of Communism may well play an important role in individual elections again this year. This is quite likely to be the case in Guanabara, where

5 An inability which manifests itself both in the widely-held belief that Communism presents no real threat to Brazilian internal security (a belief demonstrated by the frequent practice of declaredly anti-Communist politicians allying themselves with the PCB for electoral purposes) and in the tendency to view the East-West struggle as analogous to a (Brazilian) domestic political contest--an "emotional" issue which could be easily resolved if only both sides would consent to retire to a smoke-filled room.

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Governor Lacerda, and viscerally anti-Communist Cardinal Dom Jaime Camara, can be expected to beat the anti-Communist drums incessantly. To a lesser degree, it may be true elsewhere.

F. CORRUPTION IN GOVERNMENT

Frequently effective in U.S. politics, this theme (or its customary variants "It's Time for a Change" and "Throw the Rascals Out") has been often cited by foreign (and some Brazilian) observers as a key factor in the two previous Brazilian elections, 1958 and 1960. And to some degree, this issue has been effective, particularly when a long socially-dormant populace, its expectations recently awakened by increased knowledge or education, has evaluated the equally lengthy rule of a local oligarchy and found it wanting. It is probably a mistake, however, to assume that popular indignation --of the type now so common in Anglo-Saxon countries--at corruption was the operative factor in these decisions. Rather it was the failure of the governing group to produce the material benefits to which the populace had decided it was entitled--and the resultant decision that change (in some instances, any change) offered the only hope for improvement. Too, charismatic factors (whose pre-eminent importance will be discussed elsewhere) frequently, if not always, played a role which some commentators have tended to ignore in favor of the slogans which the successful candidates preached to the electorate (the most obvious case in point being the successful 1960 presidential campaign of Janio Quadros).

All this is not to say either that corruption does not exist or that it cannot sometimes become an electoral issue. Indeed it is usually made much of in the responsible organs of the press, and by a few politicians, in the very large urban centers--where a growing body of middle class voters have begun to take such things seriously. Conversely, the infrequent instances where corruption is lacking (or appears to be lacking)--as for example, in the relatively honest Leftist municipal administrations of several cities of the Northeast --can prove to be of considerable electoral significance by demonstrating to the electorate the material advantages that can thereby be gained. By and large, however, the Brazilian tends to regard government venality with tolerance, if not as an immutable way of life. Thus, the electoral potency of this issue (which is certain to be raised, given the rather obvious corruption extant under the present regime) must be regarded as limited except in situations where special circumstances apply.

III THE SUBSTANTIVE ISSUES

The substantive issues are those of which politicians may or may not make much at campaign time, but which opinion-measuring devices--and past events--have demonstrated effectively move the electorate. In Brazil, at least, they are remarkably few.

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From Brasilia OfficeA. THE HIGH COST OF LIVING

Inflation has been a recurrently serious, and therefore electorally significant, problem in Brazil for some time. In 1958, it played a relatively minor role in the elections because the Kubitschek Administration, which was then in power, generally was able to sell the Brazilian public on the notion that it was patriotic to "sacrifice" itself for the good of future generations--inflation being, according to the "developmentist" philosophy evolved by Kubitschek and his advisors, essential to the achievement of the "fifty years /progress/ in five" promised by the Kubitschek Administration.

Today, however, the situation is considerably different in several respects. First, inflation in 1958 was running at the "tolerable" annual rate of 25-30 percent; today it is running at 40-45 percent--a rate which, as the Embassy reported at the time ("Revolution in the Air" Emb. Desp. 658 of 12-28-59), created considerable difficulty even for Kubitschek. Second, the present regime most decidedly does not possess the "development" program of present and future achievements which Kubitschek used so skillfully as a counter-balance to the sacrifices forced upon the populace by inflation. And thirdly, and possibly most importantly, the present government conspicuously lacks both the cohesion and the authority which the Kubitschek regime had achieved by the time it had to confront an inflationary situation similar to that facing the present government.

The present government is, of course, aware of the present situation and its political potential. Within the limits imposed by the present governmental system of divided responsibility, the Council of Ministers has struggled fairly successfully to contain inflationary influences, both internal and external. However, a combination of growing electoral pressures (such as those which have recently added thousands of new appointees to an already overcrowded public payroll) and seasonal economic factors (for a variety of reasons, inflationary pressures are almost always greater in Brazil during the second half of the year), are quite likely to lead to de facto nullification of many of these anti-inflationary policies. Too, nothing is yet known of the policies which the new Council of Ministers will pursue. The President, of course, has several times publicly proclaimed his great concern at the problem--but he has been careful to accompany these statements with the claim that he is powerless to take remedial action.

Were the presidency being contested this year, the present atmosphere could redound seriously to the disadvantage of the Administration. Given the hybrid nature of the present government and the regional character of the elections, however, it is

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difficult to forecast its electoral effects. Certainly the "ins" will suffer to some degree where state governments are being contested--though the individual accomplishments (or lack thereof) of a given governor may ameliorate, or aggravate, this tendency. Too, the individual members of the Council (and their supporters) may in some instances be adversely affected. And, finally, it is difficult to see how President Goulart can succeed completely in his attempt to avoid responsibility for the present situation, given the deeply-ingrained political habit of looking to the presidency for solutions.

B. FOOD SHORTAGES

Though these are obviously largely a manifestation of the inflationary problem discussed above, their presence is politically significant. Even more of a "bread and butter" issue than inflation itself, they were one of the key factors in the popular unrest of 1959 which was noted above. Again, it seems worth noting that the present government is not as well equipped to deal with this phenomenon as was its predecessor at that time. If not overcome, they will, of course, accentuate the political and electoral difficulties brought on by inflation.

C. SCHOOLS AND HOUSING

Not surprisingly, schools and housing sometimes turn up high on voters' lists of concern. This is probably a fairly recent development, brought on by the increasing public discussion of these problems (e.g., in the 1960 presidential campaign) but a particularly important one in a year of many local elections. Obviously, the state and local administrations which have made progress in solving them (and these are few and far between indeed) will benefit from this circumstance, while those which have made little progress will not.

Schools and housing, however, are merely the most generally discussed of a series of manifestations of material progress which can have a significant effect on voter preference, such as roads, sewage, public transportation and public utilities. The State of Guanabara (a key race this year) is an excellent example: its problems of water and phone shortages, and public transportation inadequacy are famous for their constancy and epic in their proportions. It has been said, with considerable truth, that the present (and first) governor, Carlos Lacerda, will be counted a success by the electorate if he solves the telephone and water problems (as indeed he promised to do when campaigning). The point is germane because, though Lacerda himself is not up for election this year, the state assembly (in which he needs a majority) is. With some considerable outside assistance, Lacerda has made considerable progress in education, gotten a start on housing and sewage. So far, however,

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he has only nibbled at water and telephones--though the latter situation is now beyond his control due to federal expropriation: His prospects are therefore mixed. Similarly, relatively bleak electoral prospects exist for the chosen candidates of Cid Sampaio (who has not produced on his grandiose industrialization plans) in Pernambuco and Leonel Brizzola (who has failed to bring the economic prosperity he promised) in Rio Grande do Sul. Conversely, the multiplicity of economic advances registered by the Carvalho Pinto administration should strongly favor Pinto's candidate, José Bonifácio.

IV THE IMPORTANCE OF PERSONALITIES

It is just at this point, however, that such reasoned assumptions are likely to go awry. For many observers believe that the São Paulo gubernatorial race may be won by ex-President Janio Quadros--largely (if not completely) on the basis of his charismatic personality and resultant firm hold on a large bloc of the São Paulo electorate.

This, of course, is an extreme example--Quadros being the epitome of the messianic personality in Brazilian politics--but it serves to illustrate the fact that personality can be the decisive factor in a Brazilian election, contrary cultural, political and economic factors notwithstanding. Unfortunately, it is more difficult to assess the over-all importance of this factor in an election year characterized by a multiplicity of state and local contests than it is in a year dominated by a presidential election. Too, the fact that candidates in some of the important races have not yet begun to campaign seriously (if, indeed, they have even been formally nominated) makes it virtually impossible to clearly identify the races where electoral personalities will play a predominant role. Nonetheless, the São Paulo contest cited above indicates both the omnipresence and omnipotence of this charismatic factor--as, in fact, does the importance attributed by all observers to the electoral maneuverings of President Goulart. Similar situations, wherein the relative importance of an otherwise significant issue, or issues, is radically modified by the presence, or lack, of an effective advocate, are certain to develop as the campaign progresses.

For the Ambassador:

Harry A. Quinn
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Second Secretary of Embassy

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FROM : AMCONSUL, Belo Horizonte

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TO : THE DEPARTMENT OF STATE, WASHINGTON.

June 28, 1962

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SUBJECT: BRAZILIAN ELECTIONS 1962: BASIC STATUS REPORT NO. 1 - STATE OF MINAS GERAIS

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This basic despatch on the electoral situation in the State of Minas Gerais is being submitted in accordance with Embassy instructions. Much of the information on candidates or possible candidates is as yet lacking. Supplemental reports, at weekly intervals, will aim at filling this gap in

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information as well as giving new developments in the electoral campaign.

I. General

Minas Gerais, a land-locked state with a population of approximately ten million, has traditionally played a prominent but conservative role in the country's political life. Although this conservative outlook, which is based in part on geographic isolation and in part on the agricultural way of life of the state, is being modified by the gradual process of industrialization and consequent growth of an urban population and new social concepts, the majority of political forces remain bound to tradition. Of the 39 deputies who represent Minas Gerais in the Chamber of Deputies, 34 come from the three major conservative parties in the state: the Social Democratic Party (PSD), the Republican Party (PR), and the National Democratic Union (UDN). The other five come from the Labor Party (PTB), the only major party that may be described as left of center.

On October 7, 1962, Minas Gerais will go to the polls to elect two Senators, 39 Federal deputies -- 45 if the new reapportionment bill is passed -- a new state legislature, and municipal governments. In these elections two major factors, one economic and the other political in nature, may affect the generally conservative alignment of the political forces.

The economic crisis, reflected in an ever accelerating rate of inflation, shortage of food staples, and consequent high cost of living, has brought the lower classes to near despair and predisposed them to consider radical solutions to their ills. On the political side, an acute sense of frustration permeates the thinking of a major proportion of the electorate as a result of Janio QUADROS' resignation from the Presidency in August 1961 after so much hope had been placed in his ability to carry out a program of far-reaching, however ill-defined, reforms. At one and the same time, this combination of economic crisis and political frustration lends itself to political opportunism and underlies Governor MAGALHÃES PINHO's efforts to transform popular discontent into electoral support for a program of basic reforms. In political frustration at least he is as one with the people, for he was elected in 1960, along with Janio Quadros, on a reformist platform. With Quadros' resignation, the defeated forces, including the Governor's opponent in the gubernatorial elections, gained control of the Federal government, and Governor Magalhães Pinto found himself unable to get the financial assistance that he so much needed to carry out his electoral campaign promises. He was quick to take advantage of the new situation, and by being first on the electoral battlefield with the grievance that insidious political maneuvering had betrayed the popular will, he has placed all opposition on the defensive. He claims that the people want and need basic reforms, that the electorate in voting for him and Quadros voted for these reforms, and that the present Federal Administration, being unrepresentative of the popular will, is too weak and too unwilling to bring about these reforms.

The Governor's party, the UDN, is now in a small minority of 13 deputies out of 74 in the State Legislative Assembly. The situation is similar in the

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Chamber of Deputies, where the UDN has eight deputies out of 39. Without allies in the State Assembly, he has been unable to put any major legislation through the legislature. This lack of support is not outright opposition has added to the Governor's frustrations. Since he is not up for reelection, the immediate purpose of his campaign is to increase substantially the delegation his party, the UDN, will send to Congress after the October elections and, by demonstrating his own political strength, to pressure the central government and Congress as a whole into a more receptive attitude toward the needs of Minas Gerais in particular and the implementation of basic reforms in general.

In this endeavor, the Governor has to contend with a party system that is characterized by a paucity of ideological content and discipline and by a dispersal of power in the hands of local politicians throughout the state. Generally conservative, these local politicians come for the most part from traditional families or propertied classes and hold virtually undisputed power in the local councils of their party. It is they who propose the names of candidates for elective office. This background is not conducive to the legislation of basic reforms which would of necessity require the sacrifice of certain sacrosanct social and economic prerogatives. The Governor, moreover, has little or no direct influence in this personal method of selecting candidates. He is not, however, without recourse. A case in point is his control of political patronage. Another recourse the Governor has is that of moral pressure. By being instrumental in increasing the number of deputies his party may send to Congress on a basic reform platform, he can persuade them to respond more constructively to the voters' wishes. Also, since a candidate competes for votes on a statewide basis with other candidates, it stands to reason that some care must be exercised in his selection, although as is frequently the case, many candidates are selected solely as a reward for past services to the party and are not expected to win at the polls or even to campaign actively.

Except for the overriding issue of basic reforms, most of the campaign will revolve, as in the past, around personalities and local problems, such as getting the necessary funds from the State or Federal Administration to have a new road or waterworks built. A few candidates get elected time and again largely on the strength of family tradition or on the basis of the frequency with which their names appear before the public.

Only two of the four major parties -- the UDN and the PTB -- have as yet named full slates of candidates. There have occurred already so many changes in the UDN slate that the party has decided to hold another nominating convention. To judge from the lists of candidates, or possible candidates, made public so far, virtually all incumbents will run for reelection. A few candidates for elective offices come from the state legislature or municipal governments. A relatively large number of candidates are little known outside their immediate circles.

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From Belo HorizonteII. Classification of Political Incumbents and
Possible Candidates(According to Categories set forth in Report No. 1,
AmEmbassy/Rio, Despatch No. 891)

A. Communists or Crypto-Communists (CATEGORY I)

State Deputy Frederico Pardini, PSP

B. Fellow-Travellers or Useful Innocents (CATEGORY II)

State Deputy Simão Viana da Cunha Pereira, UDN
José Aparecido de Oliveira, UDN

C. Leftist Ultra-Nationalists (CATEGORY III)

Federal Deputy Milton Reis, PTB
Federal Deputy Mário Palmério, PTB
Minister of Foreign Affairs Francisco Clementino San Tiago Dantas, PTB
Federal Deputy Bento Gonçalves Filho, PSP

D. Centrists (CATEGORY V)

Federal Deputy José Humberto Rodrigues da Cunha, UDN
Federal Deputy Padre José de Souza Nobre, PTB
Federal Deputy Paulo Freire, PTB
Mayor of Belo Horizonte Amintas de Barros, PTB

E. Conservatives (CATEGORY VI)

Federal Deputy Elias de Souza Carmo, UDN
Federal Deputy Geraldo Freire, UDN
Federal Deputy Guilherme Machado, UDN
Federal Deputy José Bonifácio Lafaiete de Andrade, UDN
Federal Deputy Leopoldo Maciel, UDN
Federal Deputy Oscar Dias Correia, UDN
Federal Deputy Pedro Aleixo, UDN
Federal Deputy Gabriel Gonçalves da Silva, PTB
Federal Deputy Abel Rafael Pinto, PRP
State Deputy Sebastião Patrício de Sousa, PTB
Federal Deputy Cláudio Bilac Pinto, UDN
Federal Deputy Rondon Pacheco, UDN
State Deputy Dmar Mendes Figueiredo, UDN
State Deputy João Batista Miranda, UDN
State Deputy José Monteiro de Castro, UDN
State Deputy Mancel Taveira de Sousa, UDN
Federal Deputy Tristão da Cunha, PR
Senator Benedito Valadares, PSD
Senator Camilo Nogueira da Gama, PTE

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José de MAGALHÃES FILHO, UDN. Born: June 28, 1909; Santo Antonio do Monte, State of Minas Gerais. Styled as a self-made man, he has achieved success as a businessman and as a political leader. Coming from a traditional family of modest means, he worked his way through law school, starting an eminently successful banking career at the age of 16 as a bookkeeper. Appointed as a director of the Lavoura Bank in Belo Horizonte, one of the largest private banks in South America, in 1935, at the age of 26, he was forced out of that position by the Vargas regime for having signed a manifesto in 1943 against the dictatorship. In 1944, however, he founded the National Bank of Minas Gerais, although, because of his political ties, he was unable to figure as one of the directors on the first board. He launched his political career in 1945, when he became a successful candidate for Federal deputy in the National Constituent Assembly under the aegis of the UDN, of which he was a founder. He was uninterruptedly reelected for that office until his election as Governor in 1960, having been in the meantime also State Secretary of Finance under Governor Milton Campos and national president of his party, the UDN. A mild-mannered, soft-spoken man, he is both by background and temperament a moderate person, and this moderation is reflected in his political leanings which are essentially democratic. Although he has from time to time expressed himself in favor of a "third position" that is neither Communism nor capitalism and is known to have close advisors who have quite far-left views, on balance the evidence is convincing that he is deeply attached to democratic principles. In large part the ambiguity in his attitude results from a combination of political ambition with a genuine concern with the present socio-economic crisis and the inability of the central government to act decisively. Among his close advisors there are also men well known for their conservative views. While he is not effusive in his public references to the United States, he has often expressed in private conversation his admiration for the U.S. democratic way of life and private enterprise. Centrist.

IV. The Federal Senators

A. Incumbents.

1. Benedito Veladares. PSD.

President of State section of the PSD. Conservative lawyer and former Governor of Minas Gerais. Has been nominated by his party to run for reelection. CONSERVATIVE.

2. Camilo Nogueira da Gama. PTB.

Elected in October 1960 to finish predecessor's term. Has been nominated by his party to run for reelection. CONSERVATIVE.

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B. Possible Candidates.

1. Tristão da Cunha. PR.

Federal deputy. Anti-Communist lawyer and economist.
CONSERVATIVE.

V. The Federal Deputies

A. Incumbents.

1. Milton Reis- PTB.

Middle class lawyer from Sete Lagoas, Minas Gerais. Participated in most of Communist student movements during university days. Personal friend of former President Juscelino Kubitschek.
LEFTIST ULTRA-NATIONALIST.

2. Mário Palmério. PTB.

Former mayor of Uberaba, western Minas Gerais. Professor at the School of Dentistry and Pharmacy in Uberaba. Has published several books with socialist-Communist undertones.
LEFTIST ULTRA-NATIONALIST.

3. Josué de Souza Nobre. PTB.

Priest in the Floresta parish of Belo Horizonte, a middle to lower class zone. Has the complete confidence of the Archbishop of Belo Horizonte. Director of the Young Catholic Workers in Minas Gerais. CENTRIST.

4. Paulo Freire. PTB.

Conservative lawyer from the southeastern zone of Minas Gerais.
CENTRIST.

5. Elias de Sousa Carmo. UDN.

Anti-Communist lawyer and professor. President of the State section of the UDN. CONSERVATIVE.

6. Geraldo Freire. UDN.

Anti-Communist lawyer. CONSERVATIVE.

7. Guilherme Machado. UDN.

Anti-Communist lawyer. Voted against nomination of San Tiago Dantas for Prime Minister. CONSERVATIVE.

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8. José Humberto Rodrigues da Cunha. UDN.

Anti-Communist lawyer. CENTRIST.

9. José Bonifácio Lafaiete de Andrade. UDN.

Former anti-Communist student leader. CONSERVATIVE.

10. Leopoldo Maciel. UDN.

Conservative landowner and lawyer. CONSERVATIVE.

11. Pedro Aleixo. UDN.

Voted against nomination of San Tiago Dantas for Prime Minister.
CONSERVATIVE.

12. Gabriel Gonçalves da Silva. PTB.

Conservative landowner from the southeastern zone of Minas Gerais.
CONSERVATIVE.

13. Bento Gonçalves Filho. PSP.

Millionaire lawyer, industrialist, and large landowner. President of the National Liberation Front (FLN) in Minas Gerais. Former State Deputy and State Transportation Secretary under the Kubitschek Administration in Minas Gerais. A member of the PR until early 1962, when he had an ideological clash with Artur Bernardes Filho, national president of that party. Expelled from the PR in public convention, he accepted an invitation from Adhemar de Barros, national president of the PSP, to be State president of the PSP in Minas Gerais. He was formerly much further to the left. Has signed many peace manifestos and other Communist proclamations since 1952. His law office in Belo Horizonte formerly served as meeting place for high-level Communist meetings. Julio Barbosa, a member of the PCB, was formerly his private secretary. He returned from a trip to the United States in early 1962 apparently favorably impressed with the United States. He appears to have moved away from the left, to a certain extent as a result of that trip. LEFTIST ULTRA-NATIONALIST.

B. Possible Candidates.

1. Frederico Pardini. PSP.

State deputy. Communist lawyer from Poços de Caldas, southern Minas Gerais. Leader of Communist student group during university days. Elected State deputy in Minas Gerais in October 1958. Since then, he has been one of the more active Communists in the State Legislative Assembly, joining with Euro Arantes, Simão da Cunha, Hernâni Maia, Clodsmith Riani, and other leftists in the Assembly. Has

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record of Communist activities on file with the Department of Political and Social Order (DOPS). As State deputy, he has defended the legality of the PCB. Participated in a congress of Communist deputies in Montevideo, Uruguay, in September 1961.
COMMUNIST OR CRYPTO-COMMUNIST.

2. Simão Viana da Cunha Pereira. UDN.

State deputy. Millionaire lawyer with strong leftist tendencies. He has a brother who is an active Communist in the Vale do Rio Doce region in Minas Gerais. FELLOW TRAVELER OR USEFUL INNOCENT.

3. José Aparecido de Oliveira. UDN.

Leftist who has taken active part in Communist campaigns in Minas Gerais in the past and has signed numerous Communist manifestos. He served as personal secretary to Governor José Magalhães Pinto, when the latter was president of the National Bank of Minas Gerais and still has the complete confidence of the Governor. He served later as personal secretary to President Quadros. FELLOW TRAVELER OR USEFUL INNOCENT.

4. Francisco Clementino San Tiago Dantas. PTB.

One of the leaders of the State PTB in Minas Gerais, he was Federal deputy until he accepted appointment as Minister of Foreign Affairs. Defeated for Prime Minister in recent Cabinet change. LEFTIST ULTRA-NATIONALIST.

5. Amintas de Barros. PTB.

Mayor of Belo Horizonte. Prior to his election as mayor, the city was in a poor financial situation. He has achieved considerable success in improving this situation. His campaign for mayor was financed largely by the Chateaubriand chain of newspapers in Minas Gerais.

6. Oscar Dias Correia. UDN.

State Secretary of Education until recently, when he resigned to run for reelection as Federal deputy. Born in 1920, he received a law degree from the University of Minas Gerais in 1943 and won a professorship in economic sciences in 1950. He won another professorship in labor law in the Catholic University in Rio de Janeiro. He speaks passable English. He has written at least one work of fiction and a number of books on economics. He has been a leader in politics since 1946, when he was elected State deputy, having been reelected twice. In 1954, he was elected Federal deputy from Minas Gerais on the UDN ticket and reelected in 1958. He was one of the three

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people responsible for the organization of Governor Magalhães Pinto's campaign. An admirer of the United States, which he has visited, he says that the two things that impressed him the most in that visit were the Tennessee Valley Authority and the public school system. He has been an active anti-Communist in Minas Gerais for many years. CONSERVATIVE.

7. Abel Rafael Pinto. FRP.

Born in 1914, he received a law degree from the School of Law in Juiz de Fora, State of Minas Gerais, in 1939. He holds a professorship in the field of administration in the School of Economic Sciences in Juiz de Fora. He entered the FRP in 1935 and has been active in the Party since then. He has been particularly interested in municipal development. He was elected as Federal deputy in 1958 on the PR ticket, an office he held until his appointment in January 1961 as State Secretary of Agriculture in Governor Magalhães Pinto's Government. He resigned from that post a few months later. A wealthy conservative lawyer, he was a member of the Education Committee in the Chamber of Deputies in which capacity he visited the United States. CONSERVATIVE.

8. Sebastião Patrús de Sousa. PTB.

State deputy. Former member of the FRP and extreme anti-Communist. He is a lawyer and former professor. CONSERVATIVE.

9. Clavo Bilac Pinto. UDN.

Born in 1910. Soon after graduation from the University of Minas Gerais Law School, he became a full professor and one of the main editors of a law journal. He holds now a professorship at the University of Brazil. He entered politics as a State deputy before Getulio Vargas' New State. As one of the signers of a manifesto against Vargas, he was ousted from his professorship and engaged then in the practice of law. In 1955, he ran unsuccessfully for the governorship of the State against Bias Fortes, the PSD candidate. In 1958, he was elected Federal deputy, resigning from that office in January 1961 to become State Secretary of Finance in the Magalhães Administration. He resigned this last post on May 30, 1962 to run for reelection as Federal deputy. CONSERVATIVE.

10. Rondon Pacheco. UDN.

State Secretary of the Interior until his recent resignation to run for reelection as Federal deputy. Anti-Communist lawyer. CONSERVATIVE.

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Encl. No. _____

Disp. No. 37

From Balc Horizonte

11. Dnár Mendes Figueiredo. UDN.

State deputy. Lawyer, large landowner. Extreme anti-Communist and practicing Catholic. Twice elected for the State Legislative Assembly. CONSERVATIVE.

12. João Batista Miranda. UDN.

State deputy. Anti-Communist lawyer from northeastern Minas Gerais. CONSERVATIVE.

13. José Monteiro de Castro. UDN.

State deputy. Conservative lawyer and large landowner. CONSERVATIVE.

14. Manoel Taveira de Sousa. UDN.

State deputy. Member of the recently organized State Assembly section of the Parliamentary Democratic Action. CONSERVATIVE.

--
Edmund A. da Silveira
Edmund A. da Silveira,
American Consul

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AIR POUCH

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FOREIGN SERVICE DESPATCH

732.00/6-2862

FROM : Amembassy BRASILIA Office

1057 NO.

June 28, 1962

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : Embdespatch 1024, June 19, 1962; Embdespatch 1056, June 28, 1962

| | | | | | | | | | | | | | | |
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| REC'D 7-5-62 | | 3 | 5 | 10 | 3 | 12 | | 8 | 3 | | | | | |

SUBJECT: FSD STATEMENT ON FORMATION OF COUNCIL OF MINISTERS

The referenced despatches reported on and transmitted statements of the FIB and UDN regarding the formation of the new Council of Ministers. On June 21, the FSD also issued a statement in this regard, which is attached in translation. As did the other two parties, the FSD presents a list of problems and needed reforms. As reforms needed "without delay" it lists (a) agrarian reform; (b) tax reform; (c) banking (credit) reform; (d) an anti-trust law; (e) control of foreign profit remittances. It states that the immediate duty of the Council of Ministers is to combat inflation and stabilize food prices and supply. The party declares its support of President Goulart and announces its readiness to form a Council of Ministers.

The paradox of the three parties controlling more than 250 of the 326 Chamber seats claiming to favor a program of reforms and the fact that no so-called basic reform (except foreign profit remittance control) has come close to being passed, indicates that the party programs are hardly serious statements of intent.

For the Ambassador:

Harry Weiner
Harry Weiner
Second Secretary of Embassy

Handwritten:
A. W. Weber
9/16/62
J. W. Weber

APPROVED:
Philip Raine
Philip Raine
Counselor of Embassy
for Political Affairs

Enclosure: Translation of Statement of FSD on Formation of New Cabinet. Issued June 21.

DISTRIBUTION: All consulates in Brazil, Service Attachés, USIS, Econ (2), Labor, Pol II, Pol Rio (5), CF (3), Pol Brasilia (5)./29

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| | DIRECTIONS TO RM/R |

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Page 1 of
Encl. No. 1
Disp. No. 1057
From Brasilia Office

STATEMENT OF PSD
ON FORMATION OF NEW CABINET. ISSUED JUNE 21.

1. The PSD has been defending, in the most incisive manner, the urgent necessity of guaranteeing, in consonance with the imperatives of social justice, the equitable redistribution of the fruits of the enrichment of the country, at the same time that the country engages in a total effort to accelerate its economic development. Economic development would be false and unfair if it did not pay attention, in increasing degree, to the legitimate aspirations, welfare and security of all citizens.

2. Therefore the PSD advocates the creation of conditions favorable to these objectives, through either administrative or legislative measures or both.

3. Thus, the PSD, as it has in past declarations, declares that among the reforms that can no longer be delayed, are (a) agrarian reform, accompanied by measures capable of contributing to the increase of agricultural productivity and guaranteeing to the farmer, through the utilization of the land, the legitimate right to receive profits which assure him a standard of living compatible with humane conditions; (b) tax reform to promote a more just distribution of the financial burden, enabling the State to carry out the investments demanded by the best interests of the Nation; (c) bank reform to assure more ample and better-disciplined diffusion of credit; (d) an anti-trust law combined with control of foreign profit remittances for the purpose of protecting the consumer through the establishment of free competition and equality of opportunity.

(4) Some of these reforms will not produce immediate results in terms of collective well-being. The Nation is living in a grave period of apprehensions and suffering, whose causes, nevertheless, do not reside only in the distortions and institutional failings which these reforms seek to eliminate and correct. Inflation and inefficiency in administrative organization can and should be included in the responsibility for the current anguish of the country.

In this situation, the most immediate duty on the part of the Council of Ministers, conscious of its mandate, is to employ a policy of unceasing battle against inflation and all its causes, in order to promote the stabilization of prices, and with it, implying a threat to development, ~~arrest~~ the intolerably high cost of living. The PSD is ready to support additional legal powers to accomplish this if present means are insufficient. But, above all, what is needed is a firm and unswerving determination on the part of the Government which is about to be installed to use those powers to give the country an administration of maximum efficiency in the solution of those

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End. No. 1
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From Brasilia Office

and other problems, the most important of which, owing to its gravity, is the supply of food, which cannot be confronted with palliatives and illusory solutions.

(5) In the same line of consideration, we urge administrative reform which, eliminating obstacles and waste, will give the government the instruments judged necessary for full efficiency.

(6) We are concerned over the same problems that concern the President of the Republic. We proved this to him by contributing decisively to his election as Vice President and we are redoubling our efforts to assist him in this grave moment in the nation's life. The Chief of the Nation can rest assured that the PSD will not fail him in its interest in the brave and long-suffering Brazilian people.

(7) Thus, accepting its responsibility in the National Congress, and without denying its admiration and respect in recognition of the virtues as a public figure of Professor Francisco Clementino San Tiago Dantas, the Social Democratic Party reiterates its readiness to cooperate with the President of the Republic, and considers itself in a position to form a majority in the Chamber of Deputies, a Government with the firm and unrefusable obligation of executing an energetic and decisive policy for the solution of the grave problems troubling the country, assuring it of an administration both austere and constructive, in accordance with the legitimate claims of the people and with respect for the Constitution and legal order.

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732.00/6.2862

NR 832.00

FROM : Amembassy BRASILIA Office

1056 NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

June 28, 1962 DATE

REF : Despatch 1024, June 19, 1962

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| | | OTHER | AGN | 2 | CGM | FRB | INT | LAB | TAR | TH | XMB | | | | | |
| REC'D | 7-4-62 | | AIR | 3 | ARMY | 5 | CIA | 10 | NAVY | 3 | OSD | 12 | OCB | 8 | NSA | 3 |

SUBJECT: UDN STATEMENT ON FORMATION OF COUNCIL OF MINISTERS

The referenced despatch reported on and transmitted the statement of the PTB bloc in the Chamber of Deputies regarding the formation of a new Council of Ministers. On June 21, the UDN made a parallel statement, a translation of which is attached. It lists, in what amounts to a party platform, (a) agrarian reform; (b) control of foreign profit remittances; (c) electoral reform; (d) education; (e) independent foreign policy; (f) nationalization of public utilities; (g) tax reform; (h) bank reform.

On profit remittance it is conciliatory. It should not result in the isolation of the economy in a world whose frontiers are becoming more and more open to cooperation and co-existence."

The general stance of reform is similar to that taken in the party's February 22 "Declaration of Principles" (see Weeka 8) which critics of the UDN promptly labelled "Declaration of the Obvious".

For the Ambassador:

Harry Weiner

Harry Weiner
Second Secretary of Embassy

APPROVED:

Philip Reine
Philip Reine
Counselor of Embassy
for Political Affairs

HWeiner:jw

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Despatch 1056
Brasilia Office

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ENCLOSURE: Translation of UDN Statement
on Formation of Council of
Ministers

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Pol Brasilia (5)/29.

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Enclosure
Despatch 1056
Brasilia Office

UDN STATEMENT
ON FORMATION OF NEW CABINET. ISSUED JUNE 21

The UDN supports the program of basic reforms, the need for which it has been proclaiming in its program and in various statements. It wants entirely new agrarian reform legislation which will wipe out the poverty of the rural workers, without making the question of criteria for land expropriation a strictly party matter. It calls for a law on the remittance of foreign profits which, while defending the economy of the country, will not result in the isolation of the economy, in a world in which frontiers are becoming more and more open to cooperation and coexistence. Among the institutional improvements, some of which are the raison d'être of the UDN's existence and struggle is included electoral reform, for which it has been a pioneer. It was its leadership in 1955 that built and got passed, against all resistance--both from conservatism and subversion--the basic education law. The party was not afraid to initiate and stand up for our foreign policy, an affirmation of our independence. And the progressive nationalization of the activities connected with the Ministry of Mines and Energy, more than mere support, got from us its initiative in the field of state-owned oil industry whose flag we raised and made victorious, in the organization of the Ministry of Mines and Energy, defending it at all costs against the frustration of its nationalist objectives.

Tax reform has been the subject of intense work of the party, the support it gave to the proposal of the Council of Ministers demonstrates its sincerity in this regard, as does its support for the radical compulsory loan proposal. Banking reform has been one of the items of constant effort by the UDN, furthermore, in a recent proposal by one of its leaders for the democratization of credit and opposing deeply-rooted usurious practices.

A party which holds to be non-negotiable only those questions fundamental to its program and to the democratic system, the UDN has welcomed debate on and given approval to all measures which look to the sensible and honest development of the country and the adoption of those social reforms which do not afford shelter to the doctrines of the Communist Party.

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Brasilia Office

The present President of the Republic was not the party's candidate in the 1960 elections. We contributed to assuring his assumption of the Presidency after the events of August 1961, the parliamentary reform having been accomplished with his concurrence and his oath to maintain the Constitution having been given. It is our purpose to help, as far as humanly possible, the chief of state fulfill his constitutional duties as the supreme magistrate above party divergencies. Of this intention we have given ample proof, consenting to participate in the first Cabinet maintaining our support of the government of Tancredo Neves, notwithstanding the deficiencies which we had to tolerate in many aspects of his political and administrative conduct.

The conditions of crisis and turbulence in which the first Cabinet was formed and the powerful and organized campaign to overthrow it without even testing it, brought forth redoubled efforts to help it through its initial disturbed period.

Now, however, with the announced resignation of the first Parliamentary cabinet we have had, it is our firm intention not to accept, in the formation of the new Government, pressures or threats and to consider the matter with the interests of the people in mind. The people are being constantly threatened by inflation, administrative disorder, dishonesty in public affairs and by subversive preparation that the government has been stimulating with unheard of tolerance. It is a truism that institutions are worth no more than the people entrusted to operate them. The hunger of the people, the misery destroying the middle class, the enrichment of some through the plunder of the majority, the propaganda of indiscipline and disorder, the anguished situation in which the country finds itself, with the sources of production abandoned, with food supply disorganized, with means of transportation at the brink of ruin--solutions cannot be achieved through compromises, sharing and exchanges of power under the guise of administrative reforms of doubtful urgency. The government that we want for the good of the country should be strong, capable, loyal and able; its austerity will not be a mere formula of hypocrisy.

The austerity capable of meeting the financial disaster, the courage to make sacrifices before asking the people to make them, sincerity in language, fidelity in conduct, respectability in the repression of disorder--whoever may be its agents or directors--all these must be embodied in the men worthy of our confidence of their words and acts.

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Enclosure
Despatch 1056
Page 3
Brasilia Office

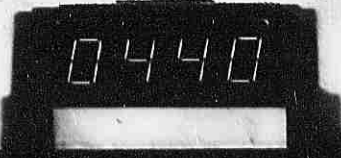
In this manner the UDN manifests its willingness to cooperate in the different constitutional phases of the formation of the new government resolved to support only those solutions which serve the interests of the Brazilian people.

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FROM: Rio de Janeiro

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TO: Secretary of State

SR

NO: 11, July 2, 5 p.m.

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PRIORITY

FOLLOWING FROM BRASILLIA

Embassy telegram 3056

While some aspects recent "crisis" generated by Goulart's nomination Santiago Dantas as Prime Minister remain obscure, its broader aspects objectives and probable results now reasonably clear:

(1) Dantas nomination in face almost certain rejection confirms Embassy view was political power play which, despite certain dangerous aspects and possibilities, was conducted accordance constitutional procedures with rules political game observed. Immediate objectives sought were (a) weaken traditional parties PSD and UDN, and conversely strengthen PTB, and (b) establish election issue for PTB. Apparent ultimate objectives (a) elect as many pro-Goulart deputies, senators and governors as possible, and (b) get back some of powers taken from Goulart when assumed presidency. Most apparent dangers in this power play were and continue to be polarization political thought with left blaming Congress and centrist-conservative parties for preventing social and economic reform "demanded" by people. The other potential danger not only from the viewpoint of Brazil as a whole but also Goulart's interests was possibility, even if remote, that ambitious Dantas might have won congressional approval.

(2) A man of extraordinary vanity as well as talent, Dantas acted

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TO: Secretary of State

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FOLLOWING FROM BRASILIA:

PRESIDENT SUNDAY MORNING SENT NEW MESSAGE SPECIAL MEETING
CHAMBER DEPUTIES PROPOSING AURO DE MAURA ANDRADE NOW PRESIDENT
SENATE AS NEW PRIME MINISTER. THIS NOMINATION FOLLOWS
INTENSIVE CONSULTATION PRESIDENT WITH VARIOUS POLITICAL LEADERS.
SINCE MAURA ANDRADE MEMBER PSD NO DIFFICULTIES ANTICIPATED
OBTAINING CONFIDENCE VOTE EXPECTED LATE TODAY OR TOMORROW.
GENERAL ANTICIPATION (ROAD) CALMON RESPECTED BAHIAN BANKER NEW
FINANCE MINISTER.

GORDON

CC

*Miguel Calmon, PSD Fed Depy Bahia
Nothing on him from BR.*

RIO 3090

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| NAME OF OFFICER: <i>J.W. Walker</i> | | | |
| OFFICE SYMBOL: <i>J.W. Walker</i> | | | |

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| TO : DEPARTMENT OF STATE 1962 JUL 9 | | | INFO: All consulates in Brazil | | |
| FROM : AMEmbassy Brasilia Office | | | SUBJECT: <u>President Goulart Declares Phase of Political Pacification is Over</u> | | |
| REF : | | | On June 12, President Goulart spoke in Rio at the ceremonial inauguration of Eletrobras, the state-owned holding company which is intended eventually to control all electric power in Brazil. His speech dealt with domestic policy. The substantive portion is attached in translation; omitted is the opening standard paen to Getulio Vargas. | | |
| Embassy: AMB DCM ADM Brasilia-5 RF CF - 2 Army Navy Air USIS Econ - 2 Labor Pol II Pol Rio - 5 | | | The principal points were: 1. Primary responsibility for governing rests with the Council of Ministers and the Congress. 2. The phase of political conciliation--which was imposed last September--is over and all the Presidential powers will be used to constitute a Council suited to the resolution of the nation's problems. 3. These problems are inflation and insufficient agricultural production. Immediate reforms are needed in the following fields: agriculture, administration, electoral (including political parties), banking, tax, and control of foreign profit remittances. 4. Although these problems are obviously serious, they imply no necessity to abandon the democratic form of government. | | |
| Enclosure Translation of Speech of President Goulart, 6-13-62 OFFICIAL USE ONLY | | | FILED 12 3 53 PM '62 FOR DEPT. USE ONLY | | |
| Drafted by: RWeiner:jw | | | Contents and Classification Approved by: Praine | | |
| Clearance: | | | TRG | | |

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Date 7-3-62
Brasilia Office

5. Although there is the possibility of violence it need cause concern only if the task of reform is neglected.

Comment: Goulart's approach here is significantly less demagogic than it has been in the recent past. No mention is made of his all-but-forgotten request for constitutional revision and the conversion of the next Congress into a constituent assembly for a limited time. He puts the onus on the Congress and the Council for the failure, at least in the public mind, of the Neves administration to meet the nation's problems. He states plainly that the conciliation honeymoon is over. It will be no surprise if, as the elections approach, he puts more emphasis on his role as the chief of the PTB and less on that of national magistrate (which characterized him in the period preceding his visit to the United States) although he will attempt to keep this role from receiving too much public attention.

For the Ambassador:

Harry Weiner
Harry Weiner
Second Secretary of Embassy

APPROVED

Philip Raime
Philip Raime
Counselor of Embassy
for Political Affairs

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Enclosure
Page 1
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Date 7-3-62
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SPEECH OF PRESIDENT GOULART,
AT LARANJEIRAS PALACE, RIO, JUNE 13,
ON THE OCCASION OF THE ESTABLISHMENT OF ELECTROBRAS

"If this moment could have a theme, a motto or a banner, I would say to the Brazilian people that it is the moment to forget the rights of each individual, and for thinking only of what will help the Nation.

"We are, my friends, passing through a difficult phase in the process of development, it is worth saying, a process in which many structural transformations of our social and economic organization are in progress. In a society like the Brazilian one, in which land, capital, and labor find themselves subjected to increasing pressure to improve the standard of living in response to the material and cultural demands of a rapidly expanding population, we confront unmistakable signs of a great task of reform which challenges the capacity of government. Conscious of the grave obligations resting on my shoulders, all my efforts have been directed toward gathering together our willpower toward a national policy of sufficient stature to meet the situation we face. Primary responsibility for such a policy rests with the Cabinet and the Congress but within my powers I will make every effort to match the confidence shown by a people who while suffering have not lost hope, and to contribute to the limit of my responsibilities in order that this national policy of organization of the country can overcome the difficulties which are the mark of our present period.

"It was meritorious that, after the grave crisis of last August we succeeded in arranging pacification and political party cooperation, inspiring ancient enemies, through the consciousness of a higher duty, with the need for coexistence, cooperation and a more pacific outlook. It would be unjust not to give credit to the Council of Ministers, composed of eminent fellow citizens under the leadership of Tancredo Neves, for the task they have been able to accomplish in the exercise of a new governmental system still strange to Brazilian traditions.

"I want to make my thoughts clear, unequivocally, and I deem it appropriate to do so now at the moment that ends a phase--the phase of conciliation in national political life, of the forces operating in the preparation of a new ministerial cabinet.

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Page 2
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Date - 7-3-62
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"The cost of living, which continues to climb, is imposing, especially on the common people, heavy and difficult sacrifices. Inflation makes budgets obsolete and also destroys hopes. Courageous action, taken immediately and energetically, to stabilize prices and defend the value of the cruzeiro, concrete measures to stimulate agricultural production, especially basic foodstuffs, are awaited by everyone impatiently. To feed the people and to stabilize prices, including the taking of emergency measures, requires the discernment of the government as well as that of all responsible classes interested in the social peace of Brazil. Disgracefully, speculation and the immoderate urge to get rich, are deeply aggravating market conditions.

The fever for great profits, of adventure, of inordinate ambition and anti-Christian egotism can bring about demoralization of the economic system by a people who feel themselves suffering, unprotected and exploited.

A policy favoring development and above all indefense of the people must take place in an atmosphere of austerity, of elimination of superfluous expenses, of rigorous and drastic care in the use of public funds. The political effort of the governing groups must inspire confidence in the people, confidence in the members of government, confidence in the institutions, especially because such an atmosphere is indispensable to the execution of basic reforms, such as agrarian, administrative, electoral, political parties, banking, tax, and the solution of legal problems such as the control of foreign profit remittances. Everyone knows, and feels, that these reforms cannot be delayed further. Clearly, faced with such a list, we cannot help being concerned. But never, however, to the extent of being hopeless, and especially not to imagine it necessary to depart from democratic legality to resolve, or face, these grave problems that preoccupy the country and afflict the Brazilian people.

My words should be understood as a sincere and confident appeal rather than as a warning.

We must show through action that democratic legality will permit the Nation to face and resolve its basic problems, for this legality prevents, above all, the subjugation of the popular will before violence, threats, and persecutions. There cannot be an acceptable political policy in a country if its people cannot participate or if they are oppressed and their lives and liberty subjugated.

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Date 7-3-62
Brasilia Office

Within my constitutional rights which I have been respecting as an imperative of obedience of the very cause of legalism which brought me to the office to which the Brazilian people elected me, I have spared no effort, above all, in doing everything to strengthen our representative institutions and public liberties. Threats to our institutions, no matter from what quarter, will not frighten us, for, to defend them, the country relies on the clear support and patriotism of all its forces, those forces most ardent and active. We must open new horizons for we cannot close our eyes to the social setting in which we live and much less can we shut our ears to the popular outcries.

For example, I put myself down as a supporter of democratic legality in the country and I proceed thereby in my unswerving convictions and loyalty to the mandate I received from the people and not from the vested interests of false patriotism.

But the Brazilian family can be tranquil that we will do everything and spare no sacrifice, so that order not be replaced by disorder nor liberties by violence or aggression.

The act which brings us together here, my friends, shows that Brazil, through all the vicissitudes of its evolution, is following a road that leads to emancipation. And as I congratulate those who cooperated, directly or indirectly, so that we could celebrate it, I want to urge all Brazilians to sincere identification with the line of conduct set forth in these words, and call each one to the battle to make our country great, in the sincerity of Christian and democratic feelings of our people and the belief that only within the legal order, will we be able to solve the problems that interest our country, will we be worthy of men like the one who inspired Eletrobras and sacrificed himself in defense of this country and its liberation, will we be worthy of the example of the onewhore life must continue to inspire Brazil, the people and the working classes, President Getulio Vargas.

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GROUP/ACTION

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DEPARTMENT OF STATE

AIRGRAM

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TO : DEPARTMENT OF STATE 1962 JUL 19 3 4M 2 33

ANALYSIS DISTRIBUTION
BY/IN FILES

DATE: July 3, 1962

FROM : Amcongen SÃO PAULO

SUBJECT : Weekly Summary No. 27

JUL 4 1962

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- PSYCHOLOGICAL:** 1. Local Press Reaction

POLITICAL

F. National Political Crisis Further Polarizes São Paulo Labor

São Paulo Communist and anti-Communist labor groups played active roles in the maneuvering surrounding the national cabinet crisis. The Communists, joined by a few independent non-Communist union leaders (notably Domingos ALVARES, President of the State Federation of Metal Workers) vociferously threatened a general strike in support of San Thiago DANTAS as Prime Minister and a "democratic nationalist" cabinet. The anti-Communist Democratic Union Movement (Movimento Sindical Democrático -- MSD) just as vociferously opposed Dantas and the general strike threat. Both groups sent sizable delegations of Paulista labor leaders to Brasília on June 26, ostensibly to support the Senate bill granting a "thirteenth month" Christmas bonus (but later took credit for the bill's passage). In reality the Communists attempted

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Drafted by: See last page/lfw

Contents and Classification Approved by:

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to pressure the Chamber of Deputies into approving Dantas as Prime Minister while the MSD led by Antonio Pereira MAGALDI tried to counteract that pressure. MSD leaders believe that President GOULART, working through his labor advisers and the National Confederation of Industrial Workers (CNTI) leadership friendly to him, was behind the Communist union leaders' blusterings. A CNTI-sponsored meeting of predominantly Communist labor leaders in São Paulo on July 1 began preparations for a general strike in case a "reactionary" cabinet is selected. (LIMITED OFFICIAL USE)

Comment: The Communists' bark seems far worse than their bite. They themselves must be aware that a political general strike such as the one threatened has virtually no chance of success in São Paulo. It is unlikely that they would actually attempt a strike whose probable failure could lose them considerable prestige. The national cabinet crisis has on the local scene further widened the gap between Communist labor leaders (supporting and supported by Goulart) and the anti-Communist MSD. (LIMITED OFFICIAL USE)

2. Democratic Parliamentary Action Founded in São Paulo

By the time a "Democratic Parliamentary Action" (Ação Democrática Parlamentar -- ADP) group was formally established in the São Paulo Legislative Assembly on June 25, fifty-one Deputies had signed up: fifty-six per cent of the ninety-one member house. The principal speaker, a representative of Federal ADP President João MENDES, was confident that establishment of the São Paulo group a few days earlier would have prevented passage by the State Assembly of a motion of approval for Foreign Minister San Thiago Dantas. He said that São Paulo and Santa Catarina were the first two States to establish ADP movements, but expected the rest to follow their lead.

Assembly Vice President Conceição da COSTA NEVES, a violent anti-Communist, is President of the local ADP. Assembly President Roberto de Abreu SODRE is a member. Nine of the Assembly's twelve parties are represented, including two of the four "labor" parties. (UNCLASSIFIED)

Comment: ADP could serve a real parliamentary purpose in São Paulo, where the party structure is even more splintered than in the Federal Chamber. The efficiency of any new São Paulo political movement or grouping, however, is highly suspect until proven (see Weekly Summary 22). The

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significant fact is the side on which majority of State Deputies chose to butter their bread during an electoral campaign. They evidently believe that the left is not increasing in electoral attraction. (LIMITED OFFICIAL USE)

3. Vice Governorship Slate Almost Final

The slate of candidates for the São Paulo Vice Governorship is now almost final, although one or two minor figures may yet be put up by the small parties. The two front-runners are:

Laudo NATEL, President of the São Paulo Football Club and director of a bank (Banco Brasileiro de Descontos) with many agencies in the interior: two electoral advantages. Though so far nominated only by the Republican Party, others in the administration coalition may well back him officially or unofficially. He is believed to be a conservative, though he has never held a position requiring him to make a political definition.

José Vicente de FARIÁ LIMA, the Janista candidate. Nominated only by the Liberators (Partido Libertador -- PL) and Labor Renovation Movement (Movimento Trabalhista Renovador -- MTR), but strong by reason of a reputation gained as State Secretary of Transport and President of the National Bank of Economic Development. Good administrator, but said not to have grown any poorer during terms in office. Faria Lima, like Jânio QUADROS, is difficult to characterize as other than an opportunist located somewhere in the center.

The weaker three are: Teotonio Monteiro de BARROS Filho, just nominated by Adhemar de BARROS' Social Progressives (Partido Social Progressista -- PSP). Considered honest; said to be the "only one of Adhemar's friends who is not the richer for it." Conservative. A popular Professor at the University of São Paulo Law School and one of Brazil's leading tax authorities.

Fauze CARLOS, candidate of the National Laborites (Partido Trabalhista Nacional -- PTN) at brother Emílio's insistence. A source of conflict within the Janista movement. Neither the administration nor the Janistas support him. Was a good State Secretary of Health. Centrist.

Antonio Maurício ROCHA. A rightist extremist nominated only by the integralist (fascist) Popular Representation Party (PRP). (LIMITED OFFICIAL USE)

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Comment: The Vice Governorship is an unimportant, ceremonial position, useful principally for electoral bargains. It would presumably be abolished entirely if the parliamentary system of government were extended to the State. Despite this, it is sought after. There is one eventuality in which it could become important: many observers believe that Quadros, if elected, would try to resign for a Federal position (just which one is not clear) before the end of his term. He would not be free to do this unless a man of confidence were in the Vice Governorship. (LIMITED OFFICIAL USE)

PSYCHOLOGICAL

1. Local Press Reaction

REFUSAL OF SAN THIAGO DANTAS FOR PRIME MINISTER - By the end of the past week, the ground swell of editorial opinion against Dantas had become a virtual tidal wave of caustic criticism of the erstwhile Foreign Minister and his attempt to force his acceptance as President of the Council of Ministers. The consensus of opinion expressed was that in refusing Dantas the Chamber of Deputies was also censuring his foreign policy. Diario de S. Paulo called the result "a demonstration of Brazil's political maturity, the vitality of our democracy," but dissenting Ultima Hora, which from the beginning had campaigned for Dantas, argued that the vote did not reflect public opinion: "Whose victory was it? We shall see in October (gubernatorial and Congressional elections)." A more pointed observation was expressed by O Estado de S. Paulo: "Interpreting the general feeling of the country, the Chamber of Deputies refused San Thiago Dantas as head of the new cabinet and put an end to the first cycle of his regrettable political career." O Estado also labeled the vote President Goulart's "first serious defeat in the Parliament," criticized the President for his stubborn insistence on Dantas, his attempt to pack the Council of Ministers in his favor and his apparent disregard of the amendment (Ato Adicional) which transformed Brazil from a presidential to a parliamentary system of government. "In addition to transgressing what it (the Ato Adicional) prescribes, (the President) gives us a lamentable demonstration of moral insensibility." The rejection of Dantas, added Folha, shows something else: "In spite of everything, those top echelons of the political parties still control the Congress."

KENNEDY'S VISIT TO MEXICO - After stating that the Alliance for Progress has also been met with some reserve in the U. S. Congress, A Gazeta commented that the American President's visit to Mexico should

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contribute to the realization of his program in Latin America. "If after Kennedy's visit, Mexico amply proves its will to cooperate, without reserves and without suspicions, the Alliance for Progress will take a stride forward in its long and difficult road." O Estado de S. Paulo emphasized President Kennedy's good will mission: "The American President brings to Mexico a sincere, unselfish invitation to cooperate at a time when all democratic nations of our hemisphere feel that their destinies are more than ever interwoven." The paper also said that the government and people of Mexico clearly understood President Kennedy's intention: "That is why Mexicans gave Kennedy the most enthusiastic reception ever accorded by their country to a foreign statesman in an irrefutable demonstration that they understand the friendly character of his (Kennedy's) visit."

(UNCLASSIFIED)

for Daniel M. Braddock by Scott Chyn
Daniel M. Braddock
Minister Consul General

Contributors:

DCPropes
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A-1 CONFIDENTIAL

DEPARTMENT OF STATE
BUREAU OF
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JUL 18 1962

TO : DEPARTMENT OF STATE

INFOR: RIO DE JANEIRO

Rio de Janeiro-1 Belo Horizonte-1 Recife-1
Brasilia-1 Curitiba-1 Salvador-1
Belem-1 Porto Alegre-1 Santos-1

FROM : ANCONSUL, BELEM, PARA / Sao Paulo-1 DATE: July 3, 1962

SUBJECT: Brazilian Election Report No. 1 - Federal Territory of Amapá

REF :

file JWC 7/23/62

The Federal Territory of Amapá is comprised of a large underdeveloped area situated north of the state of Pará. Until late in 1943 it was a part of the state of Pará, at which time it was separated and made a federal territory.

The major source of income for the territory is derived from the mining of high-grade manganese ore. These mines were developed by the joint efforts of the Companhia Auxiliar de Empresas de Mineração (IGOMI), the Bethlehem Steel Company, with extensive loans received from the Reconstruction and Development Bank and the Import-Export Bank of Washington.

The center of population in Amapá is located in and around the capital city of Macapá and the manganese mine which is located at Serra do Navio, which is 122 miles northwest of Macapá. The remainder of the territory is mostly underdeveloped, being serviced by a few poor dirt roads which become all but impassible during the rainy season.

The only elective position in the territory is that of Federal deputy. All other positions are filled by appointments made by the governor. The present governor of Amapá is Naul Monteiro VALDEZ, a member of the PSD (Partido Social Democrático), who was appointed by President Goulart. He, in turn, appointed his cabinet and the other officials which are a coalition of PSD and PTB (Partido Trabalhista Brasileiro). During the time the governor has been in-office, he has actively tried to improve conditions within the territory.

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JUL 23 1962

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Drafted by: E.Holway:rwm

Contents and Classification Approved by: E.Holway

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Page 2
Belém A-1

Media

The major newspaper in the territory is Amapá, which is an official publication. As can be imagined, this newspaper is being widely used to the advantage of the governor's candidate and, to a certain extent, to discredit Janary Gentil NUNES, the opposition candidate.

Recently, Janary Gentil Nunes has begun to publish a newspaper in counter-attack; it is too early to say how effective it will be.

Two other newspapers are published in the territory. The Roman Catholic bishop publishes A Voz Católica. The bishop is a supporter of the governor and has evidenced this feeling in his newspaper. The other newspaper is the Folha da Fave, a privately-owned paper which is nationalistic in tone and, apparently to date has not taken a definite stand regarding the present political picture.

There is only one radio station in Amapá, the Difusora da Macapá. This is an official station. Like the official newspaper, it is slanting its policies in favor of the governor's candidate.

The Candidates

At the present, a political battle is developing within Amapá which many observers fear will become quite "dirty" before the October elections. As in all territories in Brazil, there is only one elective position and that is for Federal Deputy. The candidates at present for this position are: Amlçar da Silva PEREIRA and Janary Gentil NUNES. Amlçar is the present federal deputy and has the backing of the present governor, Raul VALDEZ. By profession, Amlçar is a medical doctor who was born in the north part of the territory. During the 14 year term of Janary as governor he was brought to Macapá by Janary as head of the hospital. From that position he rose to be Secretary-General under Janary and after Janary's resignation to accept the position as President of Petrobras, he was Janary's personal nominee as replacement as governor. A short time later when Janary's brother, who was then the Federal Deputy, and his suplente were killed in an airplane crash, Amlçar, with Janary's backing, sought and won the election as deputade. Within the past few months he has joined the coalition. He is neither anti-American nor a leftist. Politically he is aligned with the governor who is pro-American and though not fanatically nationalistic, he is imbued with the idea that Brazil must be developed from within, accepting outside assistance but maintaining its independence. He would be under the classification of centrist.

Janary Gentil Nunes

Janary Gentil Nunes was born on June 1, 1912, in Alenquer, Pará. He received his grade school education in Alenquer and Belém. His higher education was received in military schools and much of his career was spent following the military profession. During World War II, he served in liaison with the United States Forces stationed in Belém, and as a result

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of this service he was decorated with the Legion of Merit by the United States Government.

On December 27, 1943, when Amapá was made a federal territory, he was named by the president to assume the governorship. He served in this position until March 3, 1949. He was renamed governor on December 18, 1949, and remained in the governorship until February 3, 1956. During this time, he was very active in promoting the development of IGOMI, and he is so closely attached to the company that it is expected that one of the slogans which will be used in the forthcoming elections will be that he was active in giving the natural resources of Brazil to a foreign entity (Bethlehem Steel Company). While he was governor, he was active in securing loans for the development of the mining industry and in general improving the economic situation of the territory.

After his two terms as governor, he served as president of Petróleo Brasileiro S.A. (Petrobras) until December 8, 1958. While in this position, he negotiated many agreements with various countries and foreign companies with reference to petroleum.

Even after he left the territory, he remained actively concerned with the political developments within the area. He backed Amílcar as governor and later as deputado. Amílcar was followed in the governorship by Ruy Nunes, the brother of Janary. Ruy proved to be an incompetent administrator to the extent that it is expected that rumors of his possible return to a political position in Amapá if Janary should win will be used by the opposition and used to a great advantage.

Upon the death of Pará senator, Alvaro Adolphe da SILVEIRA, a coalition of the PTB (Partido Trabalhista Brasileiro), PSP (Partido Social Progressista), EL (Partido Libertador), and PSB (Partido Socialista Brasileiro) supported Janary for election to fill the vacancy. During this time he traveled extensively in the interior of the state of Pará accompanied by Cleo BERNARDO, a nationalistic and leftist-thinking state deputy. His campaign was carried out on a platform of nationalism which was a popular platform to use in this case at that time.

When Janio Quadros was elected to the presidency of the country, the Nunes family lost their position as a political power in Amapá. Jose CAVALCANTI, of Recife, was selected by Janio to be the governor of Amapá. Upon Janio's resignation, he was replaced by Mario BARBOSA as an interim candidate agreed to by the various politicians in the area, including Janary. Later Raul Valdez, who was Secretary-General under Janary asked for and received Janary's backing to be named as governor, which he was. After he assumed the governorship and established his position, he turned his back on Janary and thus the present political situation has developed.

Janary, a man in his middle 50's appears to be intelligent, knowledgeable, pro-United States, and definitely interested in the development of his country. He, like the present governor, is a non-communist reformer. As a matter of fact, it would appear that he and the present governor,

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Raul Valdes, both have similar qualities when it comes to considering their political orientation. It is the opinion of the Consul that whichever way the election went would put a person into power that was either pro-United States or controlled by a faction which is pro-United States.

He would be classified as a centrist. He will be a PSP candidate with some backing from the UDN and the PTB.

Edward J. Holway, Jr.
Edward J. Holway, Jr.
American Consul

EJH:rum

Department pass to: Amembassy, Rio de Janeiro; Amembassy, Brasilia, and all consulates in Brazil.

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ANALYSIS & DISTRIBUTION BRANCH

FROM : AMCONSUL RECIFE DATE: July 4, 1962

SUBJECT: Weekly Summary No. 1

REF :

file EST/B Jumps 9/19/62

DEPT. PASS
Belem
Porto Alegre
Curitiba
Belo Horizonte

- POLITICAL**
1. Political Campaign Developments
 2. Labor-Student Reaction to San Tiago Dantas Defeat
- PSYCHOLOGICAL**

POLITICAL

1. Political Campaign Developments

"Candidate, Candidate, Who'll be the candidate?" continued to be Pernambuco's most popular parlor game as another week passed without an answer to the question of who will bear the standard against MIGUEL ARRAS in October. Although Governor CID SAMPAIO had promised that the candidate would be named and the campaign got underway by the end of June, and though he confided to intimates that he had tipped of President GOULART's procrastination and would launch independently the candidacy of PAULO MACIEL, toward the end of the week he suddenly remembered that he was under obligation to JOAO CLEOFAS by virtue of a pledge made late in February. Until Cleofas released him from that pledge, the Governor lamented, he could not openly support another candidate without

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Contents and Classification Approved by:

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Amconsul RECIFE

laying himself open to the charge, deadly in Pernambuco, of political treason. This vaulted Cleofas back into a position of prime importance; though he is not likely to be the candidate himself, he is now another of the many who have a say in the final selection of the long awaited compromise candidate.

Cleofas, according to newspaper reports, feels that after himself FSB Federal Deputy BARBOSA LIMA SOBRINHO would be the person most likely to defeat Arraes. Barbosa Lima Sobrinho, it is to be remembered, was the first choice of PSD kingmaker HELVINO LINS, and it is assumed that President Goulart would also support him in the event it proves impossible to get acceptance of a member of the PTB. Governor Sampaio, however, whose agreement and support would be essential to the success of any compromise arrangement, reportedly will not accept Barbosa Lima. On the other hand, Sampaio's preferred candidate, Paulo Maciel, is apparently not acceptable to Cleofas, President Goulart, or the state PTB. Thus the wheel continues to spin and when or where it'll stop nobody knows.

For lack of a candidate and a coordinated campaign, the anti-Arraes forces missed an opportunity to land a telling blow on Arraes this week. To get out of the unhappy squeeze into which he was forced by the Superior Electoral Tribunal decision of a week ago (See Weekly Summary No. 19), Arraes simply withdrew the registration of his candidacy from the Regional Electoral Tribunal, at the same time letting it be known that he still intended to be a candidate and would register again at a later and more convenient date. This maneuver allows Arraes to retain control of city funds and to preserve undamaged the campaign apparatus on the city payroll. Only one local journalist, PAULO MALTA, (known by the Congen to be a spokesman for the State Government) had the insight to point out in print that Arraes would not have chosen to remain in office if he were not diverting city funds to his campaign chest and employing campaign workers in city hall. This point was picked up and batted about in street discussions, with the result of tarnishing somewhat Arraes' reputation of "honest administrator", which is Arraes' primary political asset. Had the Arraes opposition been consolidated and alert, it could have blown up the affair to the point where Arraes' image could have been severely damaged. Though the issue is sure to be raised again, the moment of maximum exploitation is gone and Arraes has won another round by default. (CONFIDENTIAL)

2. Labor-Student Reaction to San Thiago Dantas Defeat

After striking heroic poses and threatening all week to call a general strike unless the Congress approved SAN THIAGO DANTAS as Prime Minister, labor leaders in and around Recife subsided to an outraged squeak when he was actually defeated. CLAUDIO BRAGA, CONSINTRA president, called a meeting on June 28 attended by representatives of the stevedores, port workers, railway employees, bank workers, commercial workers, warehousemen, and various other unions, as well as representatives of the Union of Students of Pernambuco (UEP).

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Braga called on workers and students to "stay on the alert" and threatened that a general strike would indeed be called if the "reactionaries" took any steps which were "unconstitutional and/or against the interest of the Brazilian people." (LIMITED OFFICIAL USE)

Comment: After all the labor leaders' threats of last week, San Thiago Dantas' defeat caused hardly a ripple in the Recife area. None of the threatened strikes or other dire consequences materialized. (LIMITED OFFICIAL USE)

PSYCHOLOGICAL

Though hardly exemplifying courageous journalism or forthright freedom of expression, on the matter of a successor to the Premiership, Recife's major papers defined themselves more clearly than in their wishy-washy custom, though most waited until after the fact before commenting editorially. The June 27 editions make it fairly apparent how they lined up. Diario de Pernambuco headlined "JS Admits Defeat of San Thiago; Hears JK and Elaborates New Formula." Jornal de Commercio's headline of the same day, however, reported "San Thiago Confident of Chamber", and leftist/nationalist Ultima Hora went so far as to chortle in its headline that "San Thiago Will Be Elected Today." Obviously opinion concerning the Foreign Minister's chances varied almost as markedly as the spelling of his name. Diario de Pernambuco, which under its new Director, COSTA PORTO, hardly has the courage to print its own masthead, waited until after San Thiago was defeated before declaring in a lead editorial that the Chamber had reaffirmed Parliamentarianism and performed a real service for the whole country by thwarting President Goulart's attempt to undercut Parliamentary authority. Jornal de Commercio would only admit that the cabinet crisis was serious and pointed up a "lack of leadership". Ultima Hora characteristically ran screaming headlines denouncing an insidious golpista plot against Dantas.

On the local scene, Ultima Hora is sparing no effort in its support of Mayor Arraes. Editorials and articles daily praise the efficiency of the city administration, Arraes' real concern for the people, etc., while at the same time describing the other candidates, or potential candidates, in less than complimentary terms. (LIMITED OFFICIAL USE)

Eugene Delgado-Arias
E. Eugene Delgado-Arias
American Consul General

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FROM: Rio-de-Janeiro

TO: Secretary of State

NO: 28, July 4, 2 p.m.

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PRIORITY

Following from Brasilia

Embassy does not doubt strong statement issued yesterday by President's Press Secretary represents President's thoughts doubtless reflecting opinion his more leftist advisors. Statement described privately by several individuals in position to know including supporters both President and new Prime Minister as not as serious as sounds political play on part of President maintain political control threatened by Moura Andrade.

This nascent power struggle between President and Prime Minister turns on question authority granted each one in naming other members Council Ministers. As reported previously Andrade claimed this power exclusively for self in July 2 speech to Chamber stating "President in fulfilling Constitutional Amendment nominated Prime Minister and to latter falls duty, under Constitution, of choosing those who must compose governing Council of Nation". Text Constitutional Amendment cited by Andrade does not necessarily support his position, merely stating "it competence President Republic nominate President Council Ministers and, upon nomination of latter, other Ministers of state". Though it possibly intention Congressional drafters Amendment thus leave Prime Minister with principal authority, Goulart in fact had principal voice in naming members first Council and apparently expected have same if not greater de facto powers this occasion. In apparent attempt legally bolster his position vis-a-vis Andrade (which in any event

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SECRET

-2- 28, July 4, 2 p.m., from: Rio-de-Janeiro
event seems come close to veto power since he could refuse submit Prime Minister's nominations to Congress) President has asked for clarification this point from Attorney General.

While agreement general that problem will be settled more or less amicably today when Prime Minister sends Cabinet proposals to Congress nonetheless stage has been set for possible labor or other agitation. Labor leadership reported meeting Rio this morning plan action. Stage also set (though not expected) for possible resignation by President which he is known to have threatened from time to time should presidency in his opinion become unmanageable.

Little doubt that Moura Andrade, notoriously independent political maverick who knows what he wants and who has reputation for severity would inevitably clash with President over governing methods. New Prime Minister would by conviction and temperament find Goulart's subtle and tortuous political maneuvers beyond his patience and understanding.

Reports are that President objects principally to failure nominate Afonso Arinos as Foreign Minister and Admiral Suzano as Navy Minister. Suzano one of more nationalistic and pro-Goulart Admiral in Navy. President has returned and no known disorders Brasilia thus far and none anticipated. Picture is expected become clearer before end of day.

GORDON

DMJ/6

Note: Mr Godfrey (ARA) notified 7/4 CWO M and advance copy to SS/O

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DEPARTMENT OF STATE

0461

32

INCOMING TELEGRAM

Department of State

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Control: 24882 JUL 5 AM 7 10

Rec'd: JULY 4, 1962

5:00 PM

ARA

FROM: RIO DE JANEIRO

Info

TO: Secretary of State

SS

NO: 26, JULY 4

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USIA

PRIORITY

NSC

FOLLOWING FROM BRASILIA

INR

PERSISTENT PRESS REPORTS PRESIDENT AND PRIME MIN-DESIGNATE HAVE CLASHED OVER (1) "GOULART UNDERSTANDING" MAURO ANDRADE WAS TO CALL FOR PLEBISCITE IN JULY 2 CHAMBER ADDRESS, AND (2) ANDRADE'S INSISTENCE NAMING CABINET MINISTERS, ESPECIALLY MILITARY AND FOREIGN AFFAIRS, DIFFERENT FROM THOSE DESIRED BY PRESIDENT BEING GIVEN CURRENCY IN STATEMENT ISSUED YESTERDAY BY PRESIDENT'S PRESS SECRETARY.

NSA

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AIR

RMR

BEGIN STATEMENT: "WHILE I REST PARTIES WILL BE ABLE BETTER DISCUSS FORMATION OF GOVERNMENT," PRESIDENT GOULART IS SAID TO HAVE TOLD HIS FRIENDS ON DEPARTING WITH FAMILY FOR URUACU, GOIAS, WHERE HE WILL REST ON ADVICE HIS DOCTOR IN ORDER RECUPERATE FROM EXHAUSTION SEVERAL NIGHTS VIGIL. DEPARTURE OF PRESIDENT TOOK PLACE IMMEDIATELY AFTER TWO HOUR MEETING WITH SENATOR MAURO ANDRADE. DURING THIS LONG TALK WITHOUT WITNESSES, PRESIDENT MADE CLEAR HIS PREOCCUPATION WITH PRESENT NATIONAL SITUATION, ESPECIALLY CONCERNING PROBLEMS AND SUFFERING OF WORKING CLASS.

PERSONS IN HIS CIVIL AND MILITARY CABINETS WHO WERE WITH PRESIDENT UNTIL 5:00 A.M WHILE HE LISTENED TO AND COMMENTED ON CHAMBER SPEECHES DECLARED THAT PRESIDENT STATED INTENTION MAKE KNOWN TO THE LARGE PARTIES THROUGH PRIME MIN HIS OPINION REGARDING CONSTITUTION NEW CABINET.

PRESIDENT CONSIDERS FUNDAMENTAL TO DESTINY OF COUNTRY THAT NEW CABINET BE ABLE EXPRESS GREAT NATIONAL ASPIRATIONS AND BE

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| NAME OF OFFICER & OFFICE SYMBOL | DATE OF ACTION | |

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732.13

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-2-26, JULY 4, FROM RIO DE JANEIRO

FAITHFUL DEPOSITORY OF POPULAR WILL. THIS PREOCCUPATION WAS IMMEDIATELY REAFFIRMED THROUGH NOTE WRITTEN PERSONALLY BY PRESIDENT TO ATTORNEY GENERAL REQUESTING HIM MAKE CAREFUL URGENT STUDY CERTAIN ASPECTS ADDITIONAL ACT (ESTABLISHING PARLIAMENTARY SYSTEM) ESPECIALLY ARTICLE 9 AND OTHERS RELATING THERETO.

DURING MEETING WITH PRIME MIN YESTERDAY MORNING PRESIDENT MADE CLEAR HAS REACHED LIMITS HIS WILLINGNESS COMPROMISE IN HAVING BOWED BEFORE WILL OF CHAMBER DEPUTIES AND PARTIES REPRESENTED THEREIN. PRESIDENT REAFFIRMED TO HIS CLOSEST AIDES HE HAD AGREED TO COMPROMISE AS EFFECTIVE CONTRIBUTION TO MAINTENANCE LEGAL ORDER WHICH HE HAS DUTY DEFEND. PRESIDENT HOPES HIS DECISION WILL NOT SERVE AS PRETEXT TO "STIMULATE APPETITE FOR POWER OR AWAKEN OLD DREAMS THAT THERE MIGHT BE INSTALLED IN COUNTRY GOVERNMENT CONTRARY HIGH NATIONAL INTERESTS, GOVERNMENT WHICH MIGHT SEEK QUIET LEGITIMATE POPULAR VOICES BY OPPRESSION, WHICH MIGHT SEEK PREVENT VICTORIES OF LEGITIMATE ASPIRATIONS OF BRAZILIAN PEOPLE WHETHER IN FOREIGN FIELD OR IN STRUGGLES FOR OUR DEVELOPMENT AND ECONOMIC EMANCIPATION." PRESIDENT STATED "THAT IN HIS WILLINGNESS TO COMPROMISE HE NEVER WOULD GO TO EXTREMES OF COLLABORATING INSTALLATION GOVERNMENT COMMANDED BY THOSE WHO SEEK SMOTHER THE MOST LEGITIMATE NATIONAL ASPIRATIONS". HE REVEALED IT HAS COME TO HIS ATTENTION SOME POLITICAL SECTORS UNDER PRETEXT PRESERVING LEGAL ORDER SEEK HAVE INSTALLED IN MILITARY MINISTRIES MEN WHO PARTICIPATED IN OR INSPIRED PAST SUBVERSIVE (GOLPISTA) MOVEMENTS ESPECIALLY THAT OF AUGUST, 1961.

PRESIDENT DECLARED "THE ATTRIBUTES REMAINING TO ME WHEN IN PEOPLE'S NAME PRESENT REGIME CAME INTO BEING PERMIT ME STILL, THANK GOD, TO FIGHT LEGALLY TO PREVENT THIS OCCURENCE."

STATEMENT ENDS, "PRESIDENT JOAO GOULART WHO TWICE GAVE IN DOES NOT INTEND GIVE WAY FURTHER, PARTICULARLY IN THIS MOMENT WHEN PEOPLE SUFFER IN FOOD LINES AND ARE REPELLED BY POLICE, WHEN UNCONTROLLED INFLATION IS SHARPENING VORACITY OF THE BENEFICIARIES OF COLLECTIVE POVERTY."

COMMENTS FOLLOW.

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Rec'd: July 4, 1962

RIO 24

Action

ARA
Info

FROM: Rio de Janeiro

SS
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TO: Secretary of State

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NO: 24, July 4, 10 AM

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PRIORITY

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P

Embassy telegram 3

E
USIA

Following from Brasilia

NSC
INR

Appearing before Chamber Deputies night July 2 Prime Minister designated Moura Andrade made following major points in his 40-minute plea for congressional acceptance: (1) Congress had proven worth as "authentic representatives" of people by solving August 61 crisis; (2) rumors he intended if approved as Prime Minister submit call for immediate plebiscite on question return presidential system untrue because though he not afraid go to people this issue only Congress competent take this step; (3) Notwithstanding rumors he would only "nominally" be Prime Minister he had accepted President's nomination only basis complete freedom naming members Council and would, if approved, have "most ample" liberty and authority; (4) though basic reforms necessary it his conviction that first priority must now be given to strengthening base of Congress (which is "reforming organ" in coming elections order these reforms will achieve final success; (5) as for program government, principal priority to be given to fighting inflation with "unpopular" measures (though these specifically mentioned include only price, not wage, freeze); (6) next priority for problems padded government payroll and featherbedding in general; (7) promised emergency program encourage production, transport and storage basic foodstuffs this program to be eventually "complemented" by structural reforms in banking, tax, administrative and Agrarian fields; (8) "foreign policy will be maintained" since Brazil "awakening to epoch of--sovereignty, independence and international understanding"; (9) at same time

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RMF

FROM: Rio de Janeiro

TO: Secretary of State

NO: 31, July 5, 7 p.m.

PRIORITY

CNTI, CONTEC and Rio Unity Pact, all Communist-directed, leading general strike effective zero hours July 5. Final strike decisions read over radio late hours July 4, all by Communist or pro-Communist leaders. All air transport, rail and Rio buses affected. Telephone workers out and other utilities likely be affected but special efforts being made President's office to keep services functioning. Some violence center Rio reported, with at least some taxis refusing enter there. Most reports indicate no violence in Rio. Population largely caught by surprise; too many cries wolf lately.

Presidential assistant Gilberto Crockatt had stimulated general strike while Moura Andrade attempting form Cabinet unsatisfactory to Goulart. Principal worry President, according Arnaldo Lafayette, special labor adviser to President, was military members Cabinet, especially army and navy, who had shown anti-Goulart attitudes. When Andrade resigned, both Crockatt and Leocadio Antunes, presidential aide, attempted have general strike cancelled, but without success, leaders alleging had gone too far. Riani in Europe preparing attend ICFU meeting and Cerqueira reported by Lafayette in Moscow, prior attending same congress. Strike clearly not anticipated by them. Rest of CNTI delegation to ICFU had planned leave July 4, but planes delayed; departure now uncertain. Dante Pelacani, CNTI vice president, admitted former Communist who never broke ties and former

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10:45 p.m. 6

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1962 7/20p.m. 6 20

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FROM: Recife

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TO: Secretary of State

NO: 10, July 5, 4 p.m.

ACTION: *BFB*

INFO: *file*

RM/R FILES

001
Rec'd 10
Jan

ACTION RIO DE JANEIRO 2, INFORMATION DEPARTMENT 10

Military commanders Fourth Army District and Second Air Region privately expressed to me last night concern and uncertainty over present political situation Brazil. Brigadeiro Ismar Brasil frankly expressed his preoccupation over division in the army command and was evidently quite in dark on possible developments. He volunteered opinion visit President Kennedy as now tentatively scheduled appears unwise. Reason he gave was people too preoccupied with internal political situation to devote attention merited by important visit. Reading between lines I received impression that he recommending postponement visit until situation becomes clearer and present disturbing political atmosphere is dissipated. Although developments still too recent and information available locally insufficient to arrive any definite conclusions, Brigadeiro's opinion believed worthy full consideration by Embassy. Embassy views will be greatly appreciated.

Local scene quiet, although anxiety expressed by state government officials especially over possible effect of crisis on decision gubernatorial candidacy which still undetermined and further delayed in view developments national scene. Bank workers, railway workers and dock workers, participating 24 hour strike. Municipal buses running and airlines operating except for incoming flights from Rio. Situation otherwise normal as of noon today.

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OCT-8 1962
XR 832.062

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DELGADO ARIAS

②

SMD/DLW

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| ASSIGNED TO: <i>B.R.A.</i> | TAKEN: <i>DLW</i> |
| NAME OF OFFICER: <i>EST/B - JWW</i> | DATE OF ACTION: <i>7/11/62</i> |
| OFFICE SYMBOL | DIRECTIONS TO RM/R: <i>file</i> |

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Action

Control: 5840

ARA

Reg'd: July 9 1962
7:20 P.M.

Info

FROM: Recife

ACTION:

SS

TO: Secretary of State

INFO:

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NO: 11, July 5, 7 p.m.

RM/R FILES

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ACTION DEPARTMENT 11, INFORMATION RIO DE JANEIRO 3

General Costa Silva, Commander Fourth Army, made pointed suggestion to me today that presidential visit to Brazil be postponed until after elections since leftist elements will continue promote climate political agitation until then. This opinion amplifies that of Brigadeiro Brasil reported earlier.

DELGADO ARIAS

SMD/DLW

NOTE: Message delayed in transmission.

Recife 11
7/11-11-KE/7-562
XR 73200

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7/6/62, 2 a.m., LM
Control: 3194
Rec'd: July 5, 1962
5 p.m.

EYES ONLY

FROM: Rio de Janeiro - CORRECTED COPY

001

TO: Secretary of State

NO: 35, July 5, 3 p.m. (SECTION ONE OF TWO) MICROFILMED FOR

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APRIL 1964

NIACT

EYES ONLY SECRETARY AND MARTIN PASS PRESIDENT
PRESIDENTIAL VISIT

Reference: DEPTTEL 20, paragraph 1

1. Postponement question obviously much in our talks during last two weeks. Until yesterday, appeared probable that immediate Cabinet crisis would be resolved before end this week, but while reflecting yesterday on reference telegram before attending community baseball game, Ambassadorial oration and fireworks, I received word Moura Andrade resignation and 24 hour general strike call. This morning's press speculates on nominees for Prime Ministership such as Balbino or Oliveira Brito, but also on finding some means accelerating plebiscite on return Presidentialism, one topic on which Kubischek has been consistently supporting Goulart. Attorney General may also seek court action voiding Parliamentary amendment.

2. Arguments for postponement visit are substantial. Include fact of current crisis, which could still blow over in few days but could also become worse. Visit as scheduled also has some disadvantage adding prestige to Goulart in face of three months extremely dubious activities and attitudes. As things look this morning, he has again played his cards skillfully, stopping just short of obviously unconstitutional action, receiving declared support from important elements armed forces, and asserting right veto Cabinet nominations despite apparent meaning

(2)

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7/11-11-KE / 7-5-62
KE 732.00

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Rec'd: July 5, 1962

1962 JUL 5 AM 8 06

10:54 P.M.

FROM: Sao Paulo

TO: Secretary of State

NO: 2, July 5, 5 p.m.

ACTION:

INFO:

RM/R FILES

ACTION DEPARTMENT 2, INFORMATION RIO DE JANEIRO 1.

Situation July 5 Sao Paulo City and all interior cities except Santos calm with industry, commerce, transportation, utilities reportedly unaffected by general strike called by National Confederation Industrial Workers. Even Sao Paulo City unions under Communist control apparently did not seriously attempt carry on strike call. Santos virtually paralyzed. American Consul Santos reporting separately. Democratic union leaders from states of Sao Paulo, Rio, Guanabara, Paraha, Santa Catarina and Rio Grande do Sul published manifesto Sao Paulo press and radio attacking general strike as political agitation aimed at Cubanization of Brazil.

BRADDOCK

SMD: CJ/1

SAO PAULO 2

732.00/7-562

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OCT - 1 1962

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10:50 PM

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FROM: RIO DE JANEIRO

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TO: Secretary of State

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FOLLOWING FROM BRASILIA

OFFICIAL OF SUPREME ELECTORAL TRIBUNAL INFORMED EMBASSY OFFICER THAT RUIZ CARLOS PRESTES PLUS APPROX 25 FOLLOWERS APPEARED PERSONALLY YESTERDAY TO PRESENT PETITION REQUESTING REGISTRATION BRAZILIAN COMMUNIST PARTY (PARTIDO COMUNISTA BRASILEIRO) AS LEGALLY RECOGNIZED POLITICAL ENTITY. SOURCE CONFIRMS PRESS ACCOUNT THAT PETITION CARRIED SOME 65 THOUSAND SIGNATURES (15 THOUSAND MORE THAN NECESSARY 50 THOUSAND).

SOURCE STATES VERIFICATION SIGNATURES AND EXAMINATION OTHER DOCUMENTATION ACCOMPANYING PETITION WILL TAKE SOME THREE WEEKS. IF DOCUMENTATION IN ORDER, COURT COUNSEL WILL THEN RENDER OPINION AND JUDGES TRIBUNAL WILL RENDER DECISION

TRIBUNAL OFFICIAL (WHO LONG TIME RELIABLE EMBASSY CONTACT) NOTED THAT ONLY ONE OF JUDGES WHO RENDERED 1947 DECISION DECLARING PARTY ILLEGAL STILL ON TRIBUNAL, ASSERTING PREDICTIONS RE COMING TRIBUNAL DECISION THEREFORE "IMPOSSIBLE"

EMBASSY BELIEVES PCB DECISION PRESENT PETITION THIS TIME PRECIPITATED BY CONGRESSIONAL CONSIDERATION ELECTORAL REFORM LAW WHICH INTER ALIA INCREASES REQUIREMENT FOR LEGAL RECOGNITION FROM 50 TO 250 THOUSAND. THIS PROVISION UNFORTUNATELY REMOVED FROM FINAL VERSION ELECTORAL LAW PASSED BY CHAMBER ON JULY 3.

GORDON

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TO : Department of State 1962 JUL 17 AM 8 49

INFO: RIO DE JANEIRO, BRASILIA
RPMAN ANALYSIS & DISTRIBUTION BRANCH

FROM : Anconsel RECIFE DATE: July 5, 1962

SUBJECT: Brazilian Elections, 1962: Paraiba

REF :

DEPARTMENT OF STATE
BUREAU OF AMERICAN AFFAIRS
JUL 18 1962
file 8410
112312

This despatch is to be considered part of the series of pre-election reports initiated by the Embassy. Enclosure No. 1 is a list of incumbent senators and deputies whose terms of office will expire next year and new candidates for these positions. A brief biographic note follows each name on the list. Enclosure No. 2 is a breakdown of the persons mentioned in Enclosure No. 1 according to categories defined by the Embassy in Embassy Despatch No. 897.

Paraiba ranks with Pernambuco at the top of the list of Northeastern trouble spots. While Paraiba's ills are essentially the same as those in the rest of the Northeast, some observers, including the intelligence section of the IV Army, believe that Paraiba is one of the key target areas of the Communist effort in the Northeast, and Paraiba has now become, at least for the time being, the state of greatest agitation and penetration by the Ligas Camponesas.

Enclosures: *Att*
112312

1. List of Incumbent Senators and Deputies
2. Breakdown of Persons Mentioned in Enclosure 1.

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JUL 23 1962

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FORM 5-62 DS-323

Drafted by: *FOR: [Signature]*
Clearance:

Contents and Classification Approved by:

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Page 2
No. A-4
Ancensul RECIFE

Recent months have seen several outbreaks of violence in Paraiba between the Ligas Camponesas and land owners. While most of these outbreaks have been confined to the area of Sapé, their effect on the October elections may be statewide. As a result of the Sapé incidents and attendant problems such as the virtual suspension of agricultural credit in that area, it will be difficult for a candidate this year to avoid taking a stand on the issues of reform and the Ligas Camponesas. Many candidates will, of course, win election or re-election without defining themselves precisely on these issues, i.e., by straddling the fence. Fence-straddling, however, will not be as easy on these issues as on others, since both the Ligas Camponesas and the Liga dos Proprietários Rurais (League of Rural Proprietors--formed recently to combat the "Communist menace" posed by the Ligas Camponesas) have announced that they will work for the defeat of any candidate who does not definitively support their respective causes.

Governor PEDRO GONDIM seems to be one of those caught in the middle. Not wishing to offend the great land owners, still the source of most significant political support in the state, but seemingly convinced of the revolutionary potential of the Ligas Camponesas, Gondim has attempted to please both sides but has succeeded in satisfying neither. Land owners are infuriated that Gondim has refused to take repressive action against the Ligas, while the Ligas complain that Gondim either cannot or will not assist them. Some observers are of the opinion that Gondim wants to keep the atmosphere tense, and deliberately avoids taking ameliorative action. They assert that by furthering the notion that a violent revolution is about to explode in Paraiba, Gondim and other politicians stand to receive more federal relief funds which can be used to finance this year's political campaigns.

Aside from the issues of reform (especially agrarian and bank reform) and the Ligas Camponesas, there seems to be nothing that will distinguish this election from any previous election. Election alliances of the various parties are not yet firm, but it appears that, for the Senate campaigns at least, the PTB and the PSD will unite to oppose the UEN and whatever party support it can enlist. A new party of significance in this year's elections may be the PDC. Never a strong party in Paraiba, the PDC's strength, influence, and prestige were recently augmented by the addition to its ranks of Governor Gondim and State Deputy ANTONIO VITAL DO REGO, leader of the Government forces in the state assembly and prospective son-in-law of the Governor.


E. Eugene Salgado-Arias
American Consul General

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CONFIDENTIAL

Page 1
Enclosure 1
No. A-4
Asconsul RECIFE

LIST OF INCIDENT SENATORS AND DEPUTIES

A. FEDERAL SENATOR: Incumbents

1. ARQUIEDO de FIGUEIREDO - PTB - Lawyer. Extremely wealthy land-owner from area of Campina Grande. Former interventor (1937), former Governor of state (1934), former Federal Deputy, now serving first term in Senate. Has reputation as one of best, most honest governors in history of the state. Elected to the Senate by the UDN, he broke with UDN in 1958 and now heads state PTB. Ultra-conservative and anti-reform, he is opposed to SUDENE. Figueiredo feels that the basic problem of the Northeast is the lack of water, and was defending this thesis when he sponsored amendments to the SUDENE bill last year. On the basis of his sponsorship of these amendments he lost much support in large cities, but retains his strength in rural areas.

Figueiredo is a vocal anti-Communist, but tends to regard too many issues from an anti-Communist point of view. He will have to run a hard race this time because of tough competition. Class VI.

2. JOAO ARRUDA: UDN - An industrialist (textiles) and a multi-millionaire, Arruda lives in Sao Paulo and is barely known in Paraiba. Now serving his first term as Senator, he is said to be holding his position only for personal financial gain and for prestige. Has no political support within Paraiba, and his political views are unknown in Paraiba, but most presume him to be an arch-conservative. It is not expected that he will run for re-election. Class VI.

B. FEDERAL SENATOR: New Candidates

1. JOAO AGRIPINO - UDN - See C; Federal Deputy: Incumbents
2. DRAULY HERNANI - PSD - See C; Federal Deputy: Incumbents
3. JOSE JOFFELY - PSB - See C; Federal Deputy: Incumbents
4. ALOISIO AFONSO CAMPOS - PSB. Former State Deputy (1934 and 1950). Afonso Campos is presently with the Banco de Brasil and represents that organization on the SUDENE Deliberative Council. Afonso Campos helped organize the PSD in Paraiba, and also helped organize SUDENE and the Banco

CONFIDENTIAL

0473

CONFIDENTIAL

Page 2
Enclosure 1
No. A-4
Amconsul RECIFE

do Nordeste. He has served as Director of the Banco do Nordeste and as a Director of the ENEB.

Afonso Campos is regarded as a reform-minded moderate leftist. He is said to have donated 50,000 cruzeiros to the Liga Camponesa's passate of May 1. He and Jose Joffily are carrying on a public dispute, and though each represents the RSB, each will run with a different running mate. Afonso Campos will run with Jose Agripino.

Although Afonso does have considerable support within Paraiba, especially around Campina Grande, his chances of election are slim because of the tough competition. Class IV.

C/ FEDERAL DEPUTIES; Incumbents

+++ 1. JUJO AGRIPINO. UEN - A Federal Deputy since 1946. Agripino served as Minister of Mines and Energy under JANIO QUADROS. He was leader of the opposition during the KUBITSCHEK government. Agripino seems to have cooled-off recently with respect to Quadros. Family has money, but is not considered wealthy. He has his greatest political support in the area of Catele da Rocha and Brejo da Cruz. Agripino has a reputation as a good, honest, hard-working conscientious legislator.

Considered to be a member of the moderate left on most issues. Agripino supports basic reforms. He is known in Paraiba as an ultra-nationalist, and is said to consider ~~United States~~ aid as humiliating. Although Agripino's election is by no means certain, he appears to have the inside track in the race. Class III.

+++ 2. DRAULT ERNANI - PSD. Presently serving second term as Federal Deputy, Ernani was formerly a "suplente" to ASSIS CHATEAUBRIAND when the latter was Senator from Paraiba. Ernani is president of an oil refinery and also has extensive bank investments. He is reported to have entered political life primarily to advance his business interests. Ernani has no real political support in the state, outside of his home area of Pates, but is said to be able and willing to purchase sufficient votes to win elections. Ernani is categorized as a conservative with nationalist tendencies, though little is known in Paraiba of his stand on the various issues of the day. He is said to be a member of the Frente Democratica Parlamentar.

Ernani owns the famed Casa de Pedra in Rio de Janeiro and has had as sleeping guests in his home such diverse personalities as Governor Rockefeller of New York and Yuri Gagarin of the USSR.

+++ Candidate for the Senate

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Enclosure 1
No. A-4
Amconsul RECIFE

Ermani's chances of election would be slim if it were not for his personal fortune and his willingness to purchase votes. Class VX.

+++ 3% JOSE JOFFILY - PSB. A Federal Deputy since 1946, Joffily is now running simultaneously for the Senate and the Chamber. Joffily recently left the PSD over a dispute stemming from his desire to be the party's candidate for the Senate, and took up with the PSB.

As a youth, Joffily is said to have been a member of the Communist party. Although Joffily is no longer regarded in Paraiba as a Communist, he does represent the extreme left. Paradoxically, he is married into the RIBRILHO COUTINHO family, one of the wealthiest, most powerful, and most conservative families in Paraiba, but is apparently somewhat estranged from his wife. Joffily is said to have a financial interest in Mercedes Benz and to own property in the state of Bahia.

Joffily is a member of the Frente Nacionalista Parlamentar. He is anti-"imperialist" and supports agrarian reform. He has recently taken up the cause of the Ligas Camponesas, and, in so doing, regained much of the strength he lost when he switched parties. He is known as a demagogue and an agitator. He comes from a family of extreme leftists, having a cousin, Irineo, who is a judge in Brasilia and undoubtedly a Communist. Irineo's father, also a judge and having the same name, enjoys a local reputation in Paraiba for also being a Communist.

At this point, it seems likely that Joffily will lose in his bid for the Senate, but win re-election as a Deputy. Class II.

4% ARILARDO JUREMA - PSD. Majority leader in Chamber during the last part of the Kubitschek government though he was elected to his first term only in 1956. Previously, Jurema served as a State Deputy, as Secretary of Education, and as Secretary of Interior and Public Safety. Jurema is credited with having founded the University of Paraiba. He is said to be a man of modest financial means and is known as an intellectual.

Politically, Jurema is identified with Senator RUI CARNEIRO, for whom he was once a "suplente." Jurema is said to be a moderate-Conservative, who supports mild reforms. Although previously somewhat nationalistic, he has expressed admiration for the U.S. since he served as Congressional observer at the U.N. A brother is married to an American. He campaigned extensively against Janio Quadros, and lost much support when Quadros won, but has regained a good deal since. He is thought to have a good chance for re-election. Class V.

+++ Candidate for the Senate

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Anconsul RECEIPTS

5. IRMANI SATIRO - UDN. Secretary General of the UDN, Satiro is presently serving his third term as Federal Deputy. He is a former State Deputy and once served as Secretary of Public Safety. Satiro is known as a conservative, of strong nationalist tendencies, but a supporter of mild reforms. An intellectual, he has authored two books. Although Satiro has no money, his family does have money, and he is said to have sufficient influence in the Patos area to stand a good chance of re-election. Class VI.

6. HUBERTO LUCENA - PSB. A former State Deputy, Lucena is presently serving his first term in the Federal Legislature. Lucena's father was Governor of Paraiba in 1920's and his memory is respected, giving the family a certain amount of prestige. Lucena is said to be a man of limited ability and limited financial means, though he does have some influence in the PSB. A conservative, Lucena can be expected to go along with moderate reforms. He has a small chance of winning the election in October. Class VI.

7. JACOB FRANZ - PTB. Now serving his first term in the Chamber, Franz was born in Rio Grande do Sul and came to Paraiba during the revolution of 1930. He subsequently entered the state military police, retired with the rank of Colonel, and served as a state deputy from 1947-58. An articulate, sincere reformer, bluntly critical of the reactionary element, yet he is not a demagogue. He is a moderate leftist of nationalist tendencies. He supports basic reforms and the Liga Camponesa, but without leftist control. He was the PTB candidate for vice-governor in 1960, having left the UDN with Argemiro de Figueirado. Franz has a reputation as an industrious, efficient legislator, but most observers feel that his prospects for re-election are limited. Class IV.

8. JOÃO URSULO de RIBEIRO COUTINHO - UDN. A Federal Deputy since 1954, Ursulo is known as an ultra-Conservative, probably the most conservative member of the entire Paraiba delegation. He is a millionaire, a member of the powerful Ribeiro Coutinho family, president and director of the family's sugar mill (Usina Sao Joo e Santa Elena) and president of several banks in other states (Guanabara and Bahia). Ursulo was barely elected in 1958, but stands an even chance of winning the election in 1962. Class VI.

9. RAUL DE GOES - UDN. Now serving his first term as Federal Deputy, Goes left the PTB when Goulart assumed the Presidency. Earlier de Goes belonged to the PSP. De Goes is a former president of the I.A.A. and a former Secretary of Agriculture. A conservative who might support mild reforms, de Goes now spends most of his time in Brasilia and Rio de Janeiro. As a result he may find it difficult to win re-election. Class VI.

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Ancensul RECEPR

10. LUIZ BRONZADO - UDN. Now serving his first term in the Chamber, Bronzado was formerly Secretary of Public Safety and Interior (1950). A lawyer, Bronzado is said to have profited in real estate transactions in Brasilia. Bronzado is a conservative, but can be expected to support certain mild reforms. He stands an even chance of winning the election. Class VI.

11. JANDUI CARNEIRO - PSB. Carneiro was the losing PSD candidate for Governor in 1960. He is the brother of Senator Rui Carneiro, and served as Secretary of Health when his brother was the Governor of Paraiba. Carneiro is said to be very wealthy, having substantial financial interests in the Banco ~~de~~ do Lar Brasileiro, and several insurance companies. He is said to be ultra-conservative, opposed to basic reforms. Carneiro has an excellent chance of re-election. Class VI.

NEW CANDIDATES

1. FLINIO LEMOS - PL. Lemos served as a Federal Deputy in 1946 through 1958. In 1958 he lost the election but won enough votes to become a "suplente". He is an uncle of Assis Lemos, president of the Federation of Ligas Camponesas of Paraiba. Lemos is a former Mayor of Campina Grande, and, although poor, stands a chance of winning the election. He is said to be a reactionary. Class VII.

2. ANTONIO VITAL de REGO - PDC. Presently the leader of government forces in the State Legislature, de Rego was originally elected to the State Assembly on the PSD ticket. He subsequently was expelled from the PSD and has recently joined the PDC. Young (about 30) he is the future son-in-law of Governor PEDRO GONDIM. He is the governor's candidate for the Federal Chamber. Classified as a moderate who supports mild, basic reforms, his chances for election are good. Class VI.

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Enclosure 2
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BREAKDOWN OF PERSONS MENTIONED IN ENCLOSURE 1

| <u>CLASS</u> | <u>NAME</u> |
|--------------------------------------|---|
| I Communists or Crypto-Communists | None |
| II Fellow-Travelers or Useful Idiots | Deputy Jose Joffily |
| III Leftist Ultra-Nationalists | Deputy Joao Agripino |
| IV Non-Communist Radical Reformers | Deputy Jacob Frantz Aloisio Afonso Campos |
| V Centrists | Deputy Abelardo Jurema Antonio Vital do Rego |
| VI Conservatives | Senator Argeniro de Figueiredo Senator Joao Arruda Deputy Draut Ermani Deputy Ermani Satire Deputy Humberto Lucena Deputy Joao Ursulo de Riborio Coutinho Deputy Raul de Geca Deputy Luiz Bronzendo Deputy Jandui Carneiro Plinio Lemos |

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MESSAGE

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DA IN 245167

FROM: USARMA RIO DE JANEIRO BRAZIL

TO: COFS USAF WASH DC, ACSI DA, CNO, DIA WASH DC,

INFO: CINCARIB, CGUSCARIB FT AMADOR CZ, CINCLANTFLT PEARL HARBOR HAWAII, CAIRC ALBROOK AFB CZ, COM 15 NAV DIST PANAMA CZ, COMSOLANT

NR: J-14 061945Z JUL 62

CNO FOR ONI; USAF FOR AFCIN-IBI; DIA FOR CIIC; FROM MILITARY ATTACHES.

Brazilian Situation Report in 10 Parts.

Part 1: General strike of industry and transportation officially ended midnight 5 July. Strike was accompanied by food riots and pillaging commercial stores and some residents in State of Rio De Janeiro, principally in cities of Niteroi, Duque De Canzias, and Sao Joao De Meriti. Press reports indicate from 40-50 dead and 500-700 injured in these riots when finally brought under control upon arrival of Army troops.

Note: Unconfirmed radio reported at 1530Z, today, 6 July states riots and pillaging had begun again in Cazia and Meriti. Food shortage in State Rio antedated present cabinet crisis. Believe situation was aggravated by political instability and enforced idleness workers during yesterday general strike.

Part 2: Political situation and information confused. It appears Moura Andrade resigned rather than allow President Goulart dictate composition Council of Ministers. Goulart seeking to topple Parliamentary system and is reported to have requested Supreme Court invalidate constitutional amendment last September on grounds it was enacted under pressure of this crisis. Goulart has three days before, under existing constitution, he must nominate another Prime Minister. Member PBB Party (headed by Goulart) had introduced into Congress an act to revoke last years constitutional amendment. If these moves unsuccessful, Goulart apparently will press

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MESSAGE

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DEPARTMENT OF THE ARMY
STAFF COMMUNICATIONS OFFICE

NR: J-14

PAGE 2

for plebescite in next general elections scheduled 7 October.

Part 3: President Goulart said that as Commander in Chief of the Armed Forces and responsible for maintaining law and order, the President is responsible for naming the three military ministers. When President made known that Admiral Suzano is his choice to become Minister of the Navy, most of the top Admirals in the Navy decided that they would do everything possible to prevent Admiral Suzano from becoming Navy Minister. Admiral Rongel, CNO, stated that he will resign if Admiral Suzano becomes Navy Minister.

Comments: The bulk of the Brazilian Navy has never forgiven Admiral Suzano for his action in November 1955 when he refused to go along with Navy and personally presented himself to Marshal Lott for duty. The Brazilian Navy now finds itself in situation in which they are supporting their Commander in Chief in maintaining law and order and yet in this support will get a new Naval Minister not favorites to the Navy.

Part 4: Reliable Naval source states that within past 2 days Marshal Lott and Admiral Heck, former enemies, shook hands and are now in complete agreement with each other. Marshal Lott is reported to have said that Marshal Denys, Admiral Heck and Brigadeiro Grum Myss were correct in their stand of August-September 1961 in which they tried to prevent Leftist Vice-President Goulart from assuming the office of President. Marshal Lott is further reported to have stated he will assist the above three in their efforts to prevent Brazil becoming further left.

Part 5: Luis Carlos Prestes, Communist Party leader in Brazil, visited Goulart 5 July with petition containing more than required 50,000 signatures requesting legalization Communist Party Brazil.

Part 6: Armored Forces continue on alert with Army active where rioting exists. Unconfirmed radio report states Third Army went into action today Porto Alegre to maintain security. Demonstrations broke out streets downtown Rio at 1430. Military ministers returned to Brasilia 5 July at request of President. Arrigfoia returning Rio 062130Z.

Part 7: Assistant Air Attache, Brasilia, reported

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MESSAGE

DEPARTMENT OF THE ARMY
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PAGE 3

5 July military appears to support President. Brasilia Airport officially closed all commercial traffic with last aircraft arriving at 1330Z, 5 July. Brasilia outwardly calm. No display of troops or guards at official building.

Part 8: Brazilian Air Force source BZ 11000024 stated 061900Z military are firmly behind Goulart and he believes Army will occupy State of Guanabara within matter of hours. Normal procedure for intervention Federal troops is for State Government to request Federal help after state unable to control situation. Source stated Governor Lacerda has 10,000 military police and up to now has not asked for Federal help. However, military view is they will prove shortly that Lacerda is not taking adequate action and will then move Federals to all key points Rio De Janeiro.

Part 9: Marshal Mendes De Moraes, Federal Deputy State of Guanabara, makes following observations: Congress is demoralized. Mendes returned Rio to campaign military sector for support against Goulart and his plan to form a labor dominated government. Presently master plan started with deliberate withholding of food stuffs from people. The riots taking place Duque De Caxias, Niteroi and Mereti in State of Rio De Janeiro are part of plan to dissipate the Army strength, incapacitate and prevent them from striking out against plan. Mendes talked with Dutra, Teck, Denys, General Maurrell (CG First Military Region), General Bley (Divisional Artillery CG) and Falcon and will talk with Marshal Lott later to organize opposition to Goulart. Source believes best Army General for Minister of War would be General Costa De Sila, CG Fourth Army.

Part 10: Comment: Goulart appears gaining support in objective return to presidential system. General feeling is Goulart instigated general strike as show of strength to intimidate political opposition. Our eye-witness observed in Rio De Janeiro that Lacerda is maintaining order. Appears Goulart may try use arms overthrow Lacerda who is a leader of political opposition. Recurrence of rioting today and spread to areas not previously affected cause for concern over internal security. Believe Leftist elements will continue spearhead this type agitation in support Goulart. Present crisis will intensify. SCP-3

NOTE: Advance copy Section I sent ACS1 070008Z Section II at 070046Z JUL 62

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9:24 P.M. *1576*

ARA

FROM: RIO DE JANEIRO

Info

TO: Secretary of State

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NO: 63, JULY 6.

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ESTIMATED 42 PERSONS DIED AND 700 INJURED IN MASS LOOTING OF COMMERCIAL ESTABLISHMENTS, PRINCIPALLY FOOD STORES, IN SEVERAL RIO DE JANEIRO STATE COMMUNITIES BORDERING GUANABARA. MAIN SCENE DISTURBANCES NMMWN REF CAXIAS WHERE ATTACKS BEGAN 4:00 A.M. JULY 5 AND CONTINUED UNTIL AFTER ARRIVAL ARMY CONTINGENTS PAST NOON. SOME STORES DESTROYED AFTER BEING SACKED, AS WERE NUMBER PRIVATE AUTOMOBILES AND HOMES. POLICE ACTION VIRTUALLY NON-EXISTENT ACCORDING MOST NEWSPAPERS THOUGH FAR-LEFT ULTIMA HORA REPORTED WITHOUT SUBSTANTIATING THAT DEATHS AND INJURIES RESULT BRUTAL POLICE REPRESSION.

WHILE SACKINGS OBVIOUSLY CONNECTED CURRENT FOOD SHORTAGES AND ZOOMING PRICES THEREOF AND SOME PAPERS DESCRIBED MOB ACTION AS SPONTANEOUS, CONSERVATIVE CORREIO DA MANHA REPORTED PRESENCE AT CAXIAS OF FOUR UNIDENTIFIED "AGITATORS" IN JEEP. MINOR DEMONSTRATIONS GUANABARA TODAY RESULTED IN WIDESPREAD EARLY SHOP CLOSINGS IN DOWNTOWN RIO.

WHC/20

GORDON

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FROM: Rio de Janeiro

TO: Secretary of State

NO: 65, July 6, 11 a.m.

FOLLOWING FROM BRASILIA

Re Embassy Telegram 45

Superior Electoral Tribunal official after verifying facts informed Embassy officer that petition requesting PCB legality carried 53 thousand signatures instead of 66 reported reference telegram.

GORDON

MLB/14

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9:27 p.m.

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TO : DEPARTMENT OF STATE
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 Belo Horizonte-1 Salvador-1
 Curitiba-1 Santos-1
 Porto Alegre-1 Sao Paulo-1

FROM : Amconsul, BELEM, PARA, BRAZIL
 DATE: July 6, 1962

SUBJECT: Brazilian Elections - Report 2

REF: -

file WA
 June 7/19/62

REACTION IN BELEM TO NATIONAL POLITICAL CRISES

The political crises which is now taking place in Brasilia has been widely covered by the press and radio. The populace of this area has been kept fully and currently informed of the major issues involved in the power play being enacted on the national scene. Despite the abundance of news coverage it is surprising how little the significance of these recent events has penetrated deeply into the minds of those most affected, the Brazilian electorate. There is some talk of national politics, but the general feeling is one of apathy and superficial interest.

Visible signs of the consequences of the local reaction appear to be the state of readiness on which the military and civil police have been placed, the closing of part activities in obedience of the general strike called by the General Confederation of Workers, and votes of support either for President Joao Goulart or for former Minister Auro Moura Andrade. Because of the breakdown of the PSD (Partido Social Democratico) PTB (Partido Trabalhista Brasileiro) alliance the local president of the PTB, Americo Silva, was called to Brasilia to discuss the situation as it affects Para.

The local chapter of the PTB, as could be expected made public telegrams which were sent to the PTB party leaders in Brasilia expressing its support and adherence to the position taken by the President with regard to the measures that should be taken in the formation of a "democratic" cabinet.

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Much is made in editorials of the fact that the present system of parliamentarism under the existing Brazilian constitution is ineffective, confusing and contradictory, and should be repealed immediately, and that a return to presidentialism is the only solution to the grave problems now affecting Brazil. This thesis is also being advanced by a few local journalists whose writings in the past have been mostly in opposition to the PTB.

Some local politicians and journalists would prefer to see the whole matter presented to the electorate in the forthcoming election in the form of a plebiscite. This course of action is not being mouthed by many at the present time, but off the record some local politicians will tell you that this may be the only logical course to follow and may be the one which will be eventually adopted before the election on October 7.

One report received in Belem is to the effect that President Goulart will not designate another candidate as Premier, but will make an appeal to the National Electoral Tribunal for a repeal of the present parliamentary system on the basis that it is unconstitutional. No one here can say how authoritative this report is, but it serves to indicate the type of information being circulated in the area.

It should be noted that rumors are rampant. No one knows what the true position of the government is, where the military forces stand and what action, if any, they make take to solve the impasse. This statement may probably be true most anywhere in Brazil, but it is believed to be most applicable in this very remote portion of the country.

Edward J. Holway, Jr.
Edward J. Holway, Jr.
American Consul

cc: Amembassy, Rio
Amembassy, Brasilia

Department please pass to all posts in Brazil

5
0486

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AIR

RMR

FROM: Rio de Janeiro - Corrected Page 1

TO: Secretary of State

NO: 67, July 6, 5 p.m.

PRIORITY

FOLLOWING FROM BRASILIA

EMBTEL 44

Presidency continuing intensive probes for most effective means bring back presidentialist system. Indications are executive uncertain how best to proceed some of which uncertainty doubtless genuine some part of concerted psychological warfare campaign against Congress unwilling risk losing powers by agreeing to plebiscite. Congress feels probably rightly that Brazilian electorate accustomed to presidential system would vote out parliamentary system before giving it chance prove itself. In addition other indications are people blaming present troubles on "parliamentarianism" indicating Presidency's campaign effective. Presidential supporters meanwhile going to extremes of accusing Centrist--Conservatives particularly "antiquated party leadership" attempting Frondisi-ize Goulart and subvert armed forces.

Uncertainty our procedures indicated by following.

During meeting with Brazilians this morning working on preparations presidential visit Rains asked Frank Mesquita Chief Protocol Presidency privately whether crisis would be solved in time to permit proper preparations for presidential visit. Minister Mesquita said that request to Supreme Court was going forward today, that PRES would be in effective control by Monday and that the Plebiscite would be held October 7. (Since Pres. pending Andrade resignation to Chamber only today, has until

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Control: 5007
Rec'd: JULY 7, 1962

6:30 PM

ACTION:
INFO:
RM/R FILES

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 72, JULY 7, 6 PM

EMBTELS 53 AND 63
REPORTS OF DISORDERS JULY 6 DOWNTOWN RIO REFLECTED REFTELS
APPEAR TO HAVE BEEN LARGELY UNFOUNDED ALTHOUGH NUMEROUS
SHOPS DID IN FACT CLOSE IN FACE WIDESPREAD AND APPARENTLY
INSPIRED RUMORS RIOTING AND LOOTING. GOVERNOR LACERDA
PROMPTLY VISITED AFFECTED AREAS AND HELPED RESTORE CALM.

GORDON

JT/20

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*ESTB
JUL 7 1962
[Signature]*

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INCOMING TELEGRAM

Department of State

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FROM: Rio de Janeiro
TO: Secretary of State
NO: 70, July 7, 2 p.m.

PRIORITY

Following from Brasilia

Embassy telegram 67

Situation continues similar that reported reference telegram characterized by general uncertainty, isolated outbreaks public disorder, confused political maneuver and contradictory rumor. Principal developments past 24 hours are:

- (1) Minas Gerais Governor Magalhaes Pinto petitioned superior electoral tribunal requesting (a) opinion re its competence set date plebiscite question presidentialism versus parliamentarianism; (b) that it set plebiscite date if accepts jurisdiction;
- (2) Military chiefs reportedly informed President Goulart that solution present impasse must be found "within 48 hours" or they would be unable guarantee control situation (due lack authority sub-secretaries in absence ministerial appointments);
- (3) Presidential Press Secretary Ryff released official statement declaring Goulart's present "preoccupations in no way turn on question of greater or lesser personal power" for himself but concerned with "maintenance democratic institutions" and alleging that "happily...conversations" with view to "measures" to this end plus "urgent reforms" how going forward;

CONFIDENTIAL (4) Both President
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Control: 6993
Rec'd: July 7, 1962 10 38
4:59 p.m.

ACTION: [initials]
INFO: [initials]
RM/R FILES: [initials]

NO 70

732.00/7-7-62 XA732.11

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-2-70, July 7, 2 p.m. from Rio de Janeiro

(4) Both President and his unofficial emcuaihrt Oliveira Brito continued push for congressional acceptance constitutional amendment granting limited constituent powers to next congress and setting plebiscite on question returning presidential system.

Though trend events still unclear, there increasing evidence in past 12 hours that congressional attitude in face continued Presidential pressure is definitely tending toward compromise within next few days on basis Brito proposals.

Possibility such compromise being reached (probably by July 8 when President must present name next Prime Minister designate) would seem to be increased by reported military pressure for solution within 48 hours (which would tend influence both President and congress). In addition, Presidential statement cited above clearly seems point this direction.

GORDON

LM:HC

*As received.

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Department of State

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| NEA | CU | INR | ACTION: | | | INFO: <i>file JWW 7/23/62</i> | | |
| E | P | IO | RM/R FILES | | | ANALYSIS & DISTRIBUTION BRANCH | | |
| L | PBO | AID | FROM : AMCONSUL, Belo Horizonte | | | DATE: July 9, 1962 | | |
| | | 11 | SUBJECT : Political Summary for June 1962 - State of Minas Gerais | | | | | |
| AGR | COM | FRD | REF : -- | | | | | |
| INT | LAB | TAR | | | | | | |
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1. Reaction to Nomination of Prime Minister
2. Further State Cabinet Changes
3. Assassination of PSD Candidate
4. The Mayoralty Race in Belo Horizonte
5. University Students' Strike
6. The Araxá Conference of State Governors

1. Reaction to Nomination of Prime Minister

The crisis resulting from the resignation of the Council of Ministers and subsequent efforts to appoint a new prime minister has monopolized the headlines and the political talk. The nomination of San Tiago DANTAS was supported by a relatively small minority made up of a number of leftist labor unions, the

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Drafted by: EadeSilveira:kfk 7/9/62

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0493

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Airgram No. -A-1
Page: No. 2
From: Belo Horizonte

Labor Party (PTB), one of two newspapers with small circulation, and last but not least Governor MAGALHÃES FINCO.

Although the Governor is known to have been unhappy when he first received the news from Brasilia that President Goulart was considering seriously San Tiago Dantas' nomination, he came out publicly in support of the President's choice. The Governor's doubts about the wisdom of choosing San Tiago Dantas were apparently based on the belief that the nomination would meet with strong opposition, as it did, from the major political parties other than the PTB. Nevertheless, the Governor, who has been trying of late to have a rapprochement with the President and the PTB, wanted above all to demonstrate his support of the President's right to nominate the man of his choice.

Editorial opposition took generally the line that labor union pressure on the Congress in support of San Tiago Dantas was a violation of democratic procedures and an attempt to defeat the parliamentary regime before it was given a chance to prove itself. The implication was clear that San Tiago Dantas was not a man to be relied on as head of the government. With somewhat unconvincing euphoria, most newspapers stressed the point that the rejection of San Tiago Dantas had strengthened the parliamentary system by showing that Congress had not buckled under labor union pressure.

Personal contacts have left the reporting officer with the clear impression that the view of the press coincided in general with that of the well-to-do, be they businessmen, industrialists, or members of the liberal professions. The reasoning is that President Goulart is too far to the left and that his natural impulse must be allowed to be checked by a more conservative and presumably responsible parliament.

Except for the PTB, the other political parties approved of the Congressional rejection of San Tiago Dantas for prime minister. Their approval, however, stemmed in this instance directly from the action taken in Congress. Prior to the rejection, the parties as represented in the State Legislative Assembly had sat on the fence, awaiting the word from the Federal Legislature.

An interesting aspect of this reaction is that it was shared by the Governor's own party, the National Democratic Union (UDN), which opposed San Tiago Dantas' nomination. The underlying fear of Communist subversion has, in fact, been most vocally expressed by a UDN leader from Minas Gerais, Federal deputy Pedro ALBIXO, and by the secretary general of the Belo Horizonte section of the UDN, Orlando VAZ FILHO. Federal deputy Pedro Albixo, who played a leading role in the rejection of San Tiago Dantas, gave a newspaper interview in Belo Horizonte, prior to the rejection, in which he said that "only the blind cannot see that there is a plot afoot in this country to place the government in the hands of Communists." The secretary general of the UDN Belo Horizonte section has said that he is going to demand a

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Airgram No. -- A-1
Page: 3
From: Belo Horizonte

clear-cut stand on the part of his party, "for the omission of the democratic forces at this moment can turn Brazil into a new satellite of the Soviet Union."

The situation remains calm on the surface, but most people have a feeling of impending disaster. They feel that the August 1961 political crisis was merely postponed and that its recurrence now is aggravated by the ever worsening economic situation.

2. Further State Cabinet Changes

The statement made in the Political Summary for May 1962 (Consulate's Desp. No. 32 of June 5, 1962) to the effect that the reorganization of Governor Magalhães Pinto's Cabinet had been completed was not correct. Three new Secretaries were appointed in June, for Agriculture, Health, and Transportation. Dr. Roberto RESENDE was moved from his post of Secretary of Health to that of Agriculture. Dr. Jose Pinto MACHADO, who served under Dr. Resende as head of the sanitation department, became the new Secretary of Health. Celso Melo de AZEVEDO, head of CEMIG, a mixed-economy, state-controlled electric power company, was appointed Secretary of Transportation.

Comment: Of the qualifications of the three new Secretaries Dr. Resende's are the least known. A practicing physician prior to his appointment in January 1961 as Secretary of Health, his only known qualifications for the new job as Secretary of Agriculture are the ownership of a small farm which he does not operate. On the other hand, the man who replaced Dr. Resende as Secretary of Health is by all indications well qualified for the post. Dr. Jose Pinto Machado, also a physician, has worked with the State Public Health Service for ten years, is a professor of hygiene and preventive medicine at the University of Minas Gerais' Medical School, and has taken a course in sanitary administration, given by the Public Health Service in the United States, as a Point IV participant.

The new Secretary of Transportation, Celso Melo de Azevedo, is the publisher of O Diario, a Catholic daily with the second largest circulation in the State. He was at one time also mayor of Belo Horizonte and has been politically active in the UDN. The UDN nominating convention had proposed him as a candidate for Federal deputy prior to his present appointment. Subsequently, his name was mentioned in connection with a senatorial candidacy after the death of Gabriel PASSOS, the UDN candidate. Celso Melo de Azevedo has visited the United States several times and, like the other two Secretaries, is a good friend of the United States. Politically, all three Secretaries are identified with the UDN.

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Page: 4
From: Belo Horizonte

3. Assassination of PSD Candidate

Another assassination of a PSD candidate (See Consulate's Desp. No. 29 of May 14, 1962) took place in Conselheiro Pena, a town in eastern Minas Gerais, when an alderman was shot five times by an unidentified gunman on June 16. The victim was a candidate for vice mayor, and the crime immediately assumed political significance. A PSD State Deputy accused the UDN State Administration of negligence in failing to put a stop to political persecution on the part of local UDN elements and to provide adequate police protection, despite repeated pleas, for those PSD candidates whose lives had been threatened. To the contention made by the UDN bench leader that Conselheiro Pena was notorious for its political violence, the PSD deputy replied that there had never been a political murder under a PSD Administration and that the only two political murders that had taken place in that town had occurred while the UDN was esconced in the State House, one under the Administration of Milton CAMPOS, incumbent Senator for Minas Gerais, and the one now under Governor Magalhães Pinto.

Comment: This is another of a series of frequent if less violent incidents that have been occurring throughout the interior of the State in connection with the electoral campaign. Despite the publicity given them, they have had little repercussion and are not likely to affect measurably the fortunes of the political parties in the State and Federal elections.

4. The Mayoralty Race in Belo Horizonte

Belo Horizonte has at the present time seven candidates for mayor, none of them having any special mark of distinction. All parties, except the Social Democratic Party (PSD), have a candidate, even parties so small that they have no representation in the State Assembly or the municipal chamber. The supply of political parties having been exhausted, one of the candidates is at a loss to find a party to sponsor his candidacy. The only color so far injected into the mayoralty race was the wild rumor that Senator Kubitschek would be the PSD candidate.

Comment: As of now and insofar as the political views of the mayoralty candidates are known, they may be classified as conservative. Some candidates have expressed no political opinions at all and have either confined themselves to stressing specific issues, such as the improvement of the water supply, or simply proclaimed as a self-evident truth that they would make a good mayor.

5. University Students' Strike

Joining other students throughout Brazil, the 6,000 students of the University of Minas Gerais went on strike on June 6 to force the school

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Page No.: 5
From: Belo Horizonte

authorities to accept student demands for one-third representation in all administrative bodies of the University. Although there was little violence, the students occupied temporarily the Schools of Architecture and Economic Sciences, and the president of the University, Reitor Orlando CARVALHO, had to request extra police protection to guard University property.

The strike was continuing at the end of the month, when the normal vacation period between semesters started. Although it was reported at the end of the month that the students in the School of Economic Sciences had succeeded in getting the signatures of 18 professors out of a total of 34 in that School to an agreement conceding one-third student representation in the School's administrative council, the president of the University as well as the great majority of the faculty members are strongly opposed to the one-third representation. Reitor Orlando Carvalho has stated in private conversation that he will resign before he gives in on the representation issue.

Comment: The students are not without grievances as Reitor Carvalho himself and other professors admit. A persistent cause of discontent has to do with absenteeism of professors and their lack of preparation for classes. In the current strike, for instance, the students are demanding the resignation of the dean of the School of Architecture because, according to them, he seldom appears in class. The fact is that once a teacher becomes a full professor, he is for all practical purposes irremovable. He may pay assistants to teach his classes, or he may in extreme cases even neglect to provide a substitute. The complaint is so widespread and the mal-practice so little denied that little doubt is left as to the justification of the complaint.

There is, as a consequence, a school of thought that the students should be given a greater voice in administrative councils but not to the extent of one-third representation. One serious complication is that the leadership among the student body for greater representation is by and large in the hands of extreme leftists and Communist sympathizers, who are concentrated in the Schools of Architecture and Economic Sciences, exactly the two Schools that give the most trouble in terms of student unrest. The fear is that administrative authority, which is already seriously diluted between the president on the one hand and the various deans of schools on the other, would become so much more dispersed that the radical elements in the student body might be able to force acceptance of their ideas by the faculty among whose members they already count some sympathizers.

6. The Araxá Conference of State Governors.

(See Consulate's Despatch No. 36 of June 21, 1962.)

Edmund A. da Silveira
Edmund A. da Silveira,
American Consul

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0497

RM/E

July 20, 1962

Dear Congressman Chamberlain:

Thank you for your letter of July 9 regarding the young woman who plans to go to Brazil as an exchange student.

There are currently two groups of United States students in Brazil under programs partially financed through the Department's educational exchange program. One is a summer session in Porto Alegre; the other a Junior Year Abroad program in Sao Paulo. In addition, a number of graduate students from the United States have recently gone to universities throughout Brazil on individual scholarships under this program. The Department has no plans to terminate any of these programs because of the present situation in Brazil.

Your friend's daughter should, of course, register her whereabouts at the nearest United States Consulate. This is a normal precautionary measure which should always be taken when one is going to be in a country for a considerable period of time and is not related to current conditions.

I hope this information will assist your friend in deciding whether to permit his daughter to go to Brazil at this time. If the Department can be of any further assistance, please let me know.

Sincerely yours,

Frederick G. Dutton
Assistant Secretary

The Honorable
Charles E. Chamberlain,
House of Representatives.

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Cleared by Phone:
ARA/EST - Mr. Jackson W. Wilson - CU/PDS - Mr. John Z. Williams

511-323 / 7-962
X 12 732.00

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0498

CHARLES E. CHAMBERLAIN
SEVENTH DISTRICT, MISSOURI

Congress of the United States
House of Representatives
Washington, D. C.
July 9, 1962

ADMINISTRATIVE
SERVICES
UNITED STATES GOVERNMENT

ACTION
is assigned to

CU

The Secretary of State
Department of State
Washington 25, D. C.

Dear Sir:

I have been contacted by a friend and constituent of Lansing, Michigan, who is quite concerned that his young daughter is soon to go to Brazil as an exchange student.

Apparently there are several students going to Brazil under a program, the exact nature of which I regret I am uninformed. However, in view of the unsettled political situation in Brazil and the reports of rioting and strike problems in Rio de Janeiro and Brasilia, I have been asked whether these young people should be asked to cancel their trip.

Your advice in this matter will be appreciated. Thanking you for your courtesy, I am

Sincerely yours,

Charles E. Chamberlain
Charles E. Chamberlain

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8:54 p.m.

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FROM: Porto Alegre

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TO: Secretary of State

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NO: 498, July 9, 4 p.m.

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Reference: Brochado Candidacy

Premier contacts report as insufficient stature for job, only prominence is authoritative professor constitutional law. Street comment: If not accepted by Chamber further general strike in offing. Coordinated Consulate view: Undoubtedly proposed to Jango or Brizola, Brochado ex-PED, but now strongly tied PTB, one of Brizolas closest advisers and strongly nationalistic, holding key State Secretariat Interior Justice. Was one of key figures in swinging Machado Lopes over to Brizola August 61 crisis. Although more intelligent than Brizola, his appointment almost equivalent to Brizola holding Premiership. Pouching biographic data.

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John [unclear]

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FROM: Recife
TO: Secretary of State
NO: 19, July 9 2p.m.

PRIORITY

ACTION RIO DE JANEIRO PRIORITY 10, INFORMATION DEPARTMENT 19

Reference: Consulate telegram 281 to Rio, Department 308;
Consulate telegram 342 Rio, repeated Department 409.

At 3 a.m. July 9, Governor Sampaio, Joao Cleofas and Governor's bench state legislature agreed support Jose Cavalcami Neves for governor. Neves, erroneously reported earlier as member PSD, is PTB; former secretary in Sampaio's cabinet, and presently national president Lawyer's Association. Consulate General informed in April that President Goulart had proposed Neves to Governor Sampaio as compromise candidate.

Neves will enter campaign with probably support PTB and UDN. Position PSD uncertain but possible PSD will support Neves if concurrence Etelvino Lins obtained.

Some feeling Cleofas camp that Governor Sampaio's support Neves only a maneuver to obtain release his obligations to Cleofas, that Sampaio will shortly dump Neves in favor Paulo Maciel, former Secretary Treasury. However, Governor has stated in writing his support for Neves is definitive. Furthermore, such change would alienate PTB. Consulate General believes Governor will give all his support to Neves. Question of vice-governor not yet decided, with some speculation Paulo Maciel, although unlikely. Neves may give race just youthful and reform vigor needed to counter Arraes, who had hopes Cleofas would be opponent.

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DEPARTMENT OF STATE

AIRGRAM

732.00/7-962

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TO : DEPARTMENT OF STATE 1962 JUL 17 AM 8 48
Washington, 25, D.C.

ANALYSIS & DISTRIBUTION BRANCH

FROM : Amconsulate, Salvador, Bahia, Brazil DATE: JUL 18 1962

SUBJECT : Brazilian Elections 1962: IV: Sergipe in the Balance

REF : No previous

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Rio de Janeiro

There are two leading candidates for the Governorship of Sergipe: former Governor Leandro Maciel (UDN-V) and federal deputy Joao de Seixas Doria (UDN - III). At the moment, the issue appears to be in doubt as to which will win on October 7; Doria may have the edge.

Doria, one of five UDN federal deputies to vote for San Thiago Dantas for prime minister on June 28, 1962 (as opposed to 47 who voted against), has a record of extremism of many years standing. He is said by his opponent to have been an Integralista in the past, and has supported a number of pro-Communist and extreme nationalist petitions, rallies, and so on. During a conversation on June 20, 1962, with officers of the Embassy and the Consulate, he said that, as a nationalist, he favored admission of foreign capital for "good" projects in the development of Sergipe. As an example of "good" developmental projects, he cited the development of Sergipe's rock-salt deposits; a "bad" project would be, he suggested, a Coca-Cola plant. One way in which this capital admission policy could be put into effect might be through licensing of foreign investments by the Sergipe state Conselho de Desenvolvimento Economico, CONDESE. Doria comes from a well-to-do Sergipano family of long standing, and is not regarded by people in Aracaju as being particularly leftist. One contributory factor may be the Gazeta de Sergipe, the only newspaper which circulates daily in Aracaju, the editor of which is a former state chairman of the PSB. This newspaper was formerly known as the Gazeta Socialista, and presents the news with a decidedly left-wing nationalist bias. It supports Doria and supported San Thiago Dantas, and after a steady diet of this reading, the average citizen of Aracaju might well think Doria a rather normally pro-Brazilian politician. The Archbishop of Aracaju, Jose Vicente Tavora, moreover, is on the left of the Roman Catholic hierarchy, being apparently a good friend of PETROBRAS, President Francisco Mangabeira, a former Communist who is a member of the PSB. Members of his clergy have reportedly indicated at

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Drafted by: C. Dirck Keyser/olb

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various times that they do not consider Doria much different from Maciel. The weekly, A Cruzada, published by clergy of the Archdiocese of Aracaju, has commented favorably on the theatrical presentations of the Centro Popular de Cultura, founded by students of the Faculty of Law of Sergipe; the Centros Populares de Cultura have been attacked by Governor Juracy Magalhaes of Bahia as Communist-led. A Cruzada has also carried advertising for the campaign of federal deputy Armando Leite Rollemberg (PR) who is apparently supporting Seixas Doria; it has been noted that such political advertisements are carried in Sergipe only by newspapers whose editorial line supports the candidate concerned.

In addition to benefiting by this atmosphere of acceptance for socialistic and nationalistic ideas, Doria's campaign is imposing. It has apparently been in progress for about a year now, and, according to Maciel, with impressive financing. Maciel says that he and his staff have been unable to learn where Doria's funds come from, but they believe that they come from outside the state and they believe them to be substantial because of the evidently heavy expenditures: Doria and his supporters are making wide use of polychrome posters printed in Sao Paulo, and have 19 sound trucks at work as opposed to four on Maciel's side.

The strength of the dissident wing of the UDN which supports Doria may be judged by the fact that it includes two of the four UDN federal deputies, the only UDN senator, and three of the 14 UDN state deputies. The two "Dorista" federal deputies are Doria himself and Eivaldo Diniz Goncalves, who appears to be an opportunist given to campaigning with gifts of farinha and meat and free variety shows. Diniz is probably not a category I, II, or III, since, until it was evident that he was going to support Doria, he was the object of some merriment on the part of a Communist journalist, Ariovaldo Matos, because of his venal campaign methods. Doria and Diniz were the weakest of the four UDN deputies, polling a total of 17,573 votes in 1958 as compared with the 25,050 won by the other two.

Senator Heribaldo Dantas Vieira, the sole UDN senator from Sergipe, also supports Doria. Like Doria, he has been described as coming from an old family. It is not believed that he is either category I or II.

Doria also has the official support of the PSD, although here Maciel has made some inroads, so that it cannot be said that Doria controls all of the PSD's support. The stronger of the two PSD federal deputies, Francisco Leite Neto (V), who polled 18,794 votes in 1958, supports him, while former governor Arnaldo Rollemberg Garcez, who won only 8,141 votes, has shifted his support to Maciel — "in order to survive", Maciel explained in Garcez' presence to officers of the Consulate who spoke with them on June 26. Garcez may probably be classified in category V or VI. In addition to the support of Garcez, it is understood that Maciel has the support of two of the seven PSD state deputies. One of these is understood to be Assembly President Horacio Dantas Góis, the sixth-ranking of the seven in terms of polling strength in 1958, when he won 1,712 votes. The other is the fourth of the seven in polling strength, Manuel Conde Sobral, who won 1,874 votes in 1958, and who is running for Vice Governor on Maciel's ticket. The two pro-Maciel PSD state deputies thus won 3,586 votes as against 11,334 won by the five pro-Doria deputies. Juscelino Kubitschek is said to be supporting the official PSD organization, and thus Doria.

The PR is the traditional ally of the PSD in Sergipe, and Doria's

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and Dória's forces are usually referred to as the PSD-PR block, while those of Maciel are referred to as the UDN. PR federal deputy Armando Leite Rollemberg was elected in 1958 on the Allianca Social Democratica (PSD-PR-FSP) ticket, on which the two PSD deputies were also elected, and he has been quoted in the press as predicting the victory of Dória. He may thus presumably be assumed to be supporting Dória. In 1958 he won 11,270 votes. There are no known dissidents in the PR, and it is understood that not only the party's sole federal deputy, but also all six of its state deputies, are supporting Dória.

The PTB, like the UDN and the PSD, is divided. State chairman Francisco de Araujo Macedo, in a speech on April 7, threw the party's official support to Maciel, explaining in an interview published on April 14 that the Dória forces would not give the PTB sufficient political or financial support, while Maciel had promised adequate financing for the PTB's campaign. The PTB stood to gain nothing from a Dória victory, he said. The party's official support for Maciel has apparently swung two of its three state deputies, presumably Durval Militao de Araujo (3,370 votes in 1958) and Hildebrando Torres (1,003 votes) to him, but not its one senator, Lourival Fontes, who is understood to have sided with Dória. Indeed, Macedo was apparently unable to move his own brother, Aracaju mayor Jose Conrado de Araujo Macedo (III or IV), who for the purposes of the campaign has organized the dissident PTB elements into the PBT of Sergipe, which is supporting Dória. The PTB state deputy who is understood to be supporting Dória is evidently Deoclecio Vieira da Silva, who won 1,124 votes in 1958 (against the 4,373 votes of his two colleagues), and it is believed that he is the individual described by Maciel on June 26 in a conversation with officers of the Consulate as being a Communist. President Goulart is believed to be supporting the regular PTB, and thus Maciel.

The PSP, represented by senator Jorge Maynard and state deputy Candido Dortas de Mendonca (1,771 votes in 1958), is evidently continuing its alliance with the PSD and PR and supporting Dória.

To summarize, then, the Dória forces evidently include all three of Sergipe's senators, and four of the seven federal deputies, these last with a combined vote of 36,367 in 1958 as compared with the 33,191 polled by the three pro-Maciel deputies. The pattern of the pro-Dória forces seems to run from category III to category V, while the Maciel forces seem to be V and VI.

The situation in the state assembly is more confused; pro-Dória politicians estimate Dória's support there as 17 of the 32 deputies, while pro-Maciel men indicate that the UDN-led coalition can win the support of as many as 18 when necessary.

Dória has the support of Aracaju's sole daily (there are two or three others that purport to be dailies, including the pro-Maciel UDN Correio de Aracaju, but these papers appear only "sporadically", according to various residents of Aracaju, presumably meaning every two or three days). On the other hand, as Governor Magalhães of Bahia has pointed out to the reporting officer, Maciel has the support of the radio in Aracaju, and Magalhães says that in Sergipe that is more important. Another asset held by Maciel is control of the state and many municipal governments. He was very popular as a governor, and did much in the way of public works. Although UDN Governor Luiz Garcia (Maciel's protégé) and most of his cabinet have now resigned to run for office, he has been succeeded by Vice Governor Dionisio de Araujo Machado, like Garcia a solid Maciel supporter. Two pro-Maciel mayors in the

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mayors in the interior, where Maciel's real strength lies (Aracaju is a PSD-PTB stronghold dominated by pro-Dória mayor Macedo), have been reported in pro-Dória newspapers as using strongarm methods, and in both cases the Dória forces have asked for federal troops, or obtained such requests from electoral tribunals, to protect their campaigners. A platoon of marines was deployed to Ribeirópolis, a UDN stronghold, in June after the Sixth Military Region's commander, Brigadier General Sousa Aguiar, refused to send Army troops. In Itabalana, a pro-Dória vereador was apparently roughed up or molested by a police sergeant, leading Dória and PSD federal deputy Leite Neto to request federal troops; Itabalana is another UDN stronghold. This sort of thing, of course, could do Maciel more harm than good.

The one remaining factor which may operate in Maciel's favor is the fact that Dória's lead, if lead it is, has been built up in a year's campaigning, and until very recently Maciel was doing very little campaigning. It is possible that Maciel, now that he has taken the field, may prove a more difficult opponent than he has been heretofore.

Maciel himself says he will win in October, and estimates that his forces will take the governorship, the vice governorship, five of the seven federal Chamber seats, two of the senatorial seats up for contest (evidently planning one of these for his protégé, outgoing Governor Garcia), and a majority in the Assembly. Bahia Governor Magalhães also says that Maciel will win, basing his argument on Maciel's being an experienced political warrior. Nonetheless, Dória makes a similar claim, and it is evident that the solid support for Dória of three senators and four sevenths of the federal deputies must represent the support of the following of these political leaders. Maciel's organization may have grown somewhat fat and complacent after eight years of power, and his optimism almost seems whistling in the dark.

C. Dirk Keyser
C. Dirk Keyser
American Consul

cc: Political Section, Amembassy, Rio de Janeiro
Political Section, Brasilia

Department: please pass copies to Belem, Recife, and Consular
Section, Amembassy, Rio de Janeiro.

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TO : DEPARTMENT OF STATE 1962 JUL 30 PM 2 38

FROM : Amconsul, BELEM, PARA
 Belo Horizonte-1 Salvador-1
 Curitiba-1 Santos-1
 Porto Alegre-1 Sao Paulo-1
 Recife-1

RM/AM
ANALYSIS & DISTRIBUTION
BRANCH

DATE: July 9, 1962

SUBJECT : Brazilian Elections Report No. 3 - Para

REF :

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I. General

In the October elections, the state of Para will vote to fill the positions of 15 vereadores, 37 state deputies, 10 federal deputies, and 2 senators. The major political party in Para, as in most of the Amazon Valley, is the PSD. The PSD in this area was built to its present position of strength under the able, but near dictatorial leadership of General Joaquin Cardoso de Magalhães BARATA. After his death, on May 29, 1959, the governorship and the regional leadership of the PSD passed to Luis Geulas de Moura CARVALHO. Moura Carvalho continues to lead the party; however, he does not have the strong control that Barata had. Today there are three men who guide the party: Moura Carvalho, regional president of the PSD and mayor of Belem; Aurelio de CARMO, governor of Para;

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and Diemisis BENTES de Carvalho, president of the state assembly.

Moura Carvalho has long been active in state politics. Like many of the older politicians in the area, he served closely with Barata and was a part of his solidly entrenched machine. At the time of Barata's death, he was the president of the state assembly, and there was no vice governor at that time; he became governor.

He had previously served a term as governor, and now he is serving as mayor of Belém. Other positions held by him were: Commanding General of the Military police, Chief of Police, and state deputy. He has visited the United States.

Aurelio de Carmo is relatively new in politics. He is a lawyer by profession and is in his late thirties. He is a short, dapper man with what appears to some a cold personality. Those who do not care for his politics call him a "playboy" referring to his many absences from Belém and the alleged gay life he leads in Rio de Janeiro. He is friendly to the United States; however, in order to maintain the local PSD-PTB working agreement, he has allowed Benedito MONTEIRO to carry on his leftist activities. For a time Monteiro was in his cabinet and now, aside from being state deputy, has a state position.

Aurelio de Carmo, since his entry into state politics, has been State Secretary of Justice, Chief of Police, and Procurador da Fazenda Nacional. In the October, 1960 elections he received the backing of Moura Carvalho to be the PSD candidate for governor. During his campaign he followed a nationalistic line, but his actions since the elections have not given evidence that he has particularly strong nationalistic feelings. His attitude towards the Consulate have always been most friendly. Since his election he has continued to build up his political strength.

Diemisis Bentes de Carvalho is the president of the state assembly and has served as governor on those occasions when the governor and the vice governor are out of the state. He is considered to be a competent and forward-thinking politician.

It is this triumvirate which leads the PSD in Pará and thus, in effect, the politics of the state.

The leader of the UDN is Gabriel HERMES Filho who has been active in politics for many years. Politically as a federal deputy he tends to follow a middle of the road course. He presents himself as an intellectual and maintains this image by continually preparing and publishing special studies on conditions within the state. During the time of President Vargas who was a personal friend, he served as president of the Banco da Amazônia. He has visited the United States and is the author of a book entitled Os Pais dos Dolares, in which he describes his trip to the United States in a friendly manner. He will run in the October elections to retain his position as federal deputy. It is expected, considering his personal following that he will win. He is classified as a centrist.

The PTB is not particularly strong in Pará. The local president is a state deputy, Americo SILVA, a man of about forty-five years, who has

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had little formal education but who is considered to have ^{high} innate intelligence. He started his career as a chauffeur. Later he became head of the local chauffeurs' union. From this position, he entered politics and for many years has been a state deputy. He has not been known to express radical theories or anti-American feelings. He is classified as a centrist.

The PTB has worked, to the present, in close accord with the PSD and by this means has maintained various candidates in office. The most active anti-American member of the PTB is state deputy Benedito Monteiro, who harangues the United States at every opportunity. He is running in the October elections as state deputy from Alenquer, Pará. For the purpose of this report he is classified as a communist or crypto-communist.

Other political parties are not of great importance. Usually, their only hope of having a successful candidate is to have him run on a joint ticket with the PSD.

II. Miscellaneous

A. Reform Movements

To date the Ligas Camponesas have not infiltrated into southeastern Pará. State deputy Benedito Monteiro has been active along the Belém-Brasília highway trying to organize "colônias." Reportedly he has been receiving sums of money from Rio de Janeiro to carry out his work.

The local government is cognizant of Monteiro's activities; however, it is only making a half-hearted effort to curb his activities.

B. News Media

The most respected and reputable newspaper in Belém is A Folha do Norte, which is owned by the Empresa de Publicidade Folhas do Norte. Paulo MARANHÃO and his sons are the owners of this company. The firm also owns two other local newspapers A Folha Vespertina and O Imparcial which are also respectable papers. O Liberal is owned by General Moura Carvalho and is considered to be the official organ of the PSD. Other newspapers published in Belém are A Província de Pará and A Vanguarda, which are owned by Diários e Rádios Associados of Rio de Janeiro, and the Estado de Pará which is owned by General Moura Carvalho. All the above papers are responsible papers. Estado de Pará is dedicated to publishing sports news. O Flash is a scandal sheet with a small subscription list; it has little or no political value. O Jornal de Bia is owned by federal deputy Armando CARNEIRO; he is a member of the PTB party. This newspaper often reprints articles from the Ultima Hora of Rio de Janeiro and at times it prints anti-United States and nationalistic articles. It is to be noted that it often publishes articles supplied by the United States Information Service.

There are four radio stations and one television station in Belém. The television station, TV Marajeara is owned by Diários e Rádios Associados of Rio de Janeiro. The TV station has readily accepted all materials provided it by USIS and has not used any anti-American or pro-communistic material.

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The Rio company also owns a local radio station, Radio Marajoara. Like the TV station, the radio station uses a large quantity of the USIS material and has not been known to have any anti-American sentiments. The other radio stations also appear to have no communistic or anti-American influence. The other stations are Radio Clube de Pará, which is owned by a local corporation of the same name, Radio Difusora do Pará, owned by Moura Carvalho and used as a media for PSD propaganda, and Radio Guajara, owned by Lopo Alvarez de CASTRO, former mayor of Belém and a member of the PSP. All of these stations appear to be free from communistic or anti-American influence.

III. Candidates

A. Senators

Lobão da SILVEIRA (PSD): He is a man of advanced years whose sloven appearance belies his position. He was a federal deputy, however, he was defeated in the October 3, 1958 elections. He was backed by Governor Barata to run for the senate seat left vacant by the death of a senator. Many PSD politicians have been dissatisfied with his political actions, and although he was chosen at the PSD convention to be the party's candidate, there is still a possibility that local political maneuvering will put him out of the race.

Paulo FENDER (MTR): He was elected as the alternate to Senator Bittencourt. Upon the death of the senator he assumed his seat in the Senate. He was elected on the PTB ticket; however, when he became senator, he changed parties and joined the MTR (Movimento Trabalhista Renovador), which in this district is a small but supposedly growing party. Fellow party members have not been satisfied with his performance in the Senate, and it is not expected that he will run again.

Waldir BOUHD (PSD): He is the PSD's choice to run for the second senatorial position. He has been a member of the party since 1935. By profession Bouhd is a physician; however, he has held various political positions. He was state deputy from 1947-1950, federal deputy from 1951-1954, federal senator from 1955-1957. In 1957 he resigned from the Senate to take charge of SPVEA. He continued in this position until 1960. He has always been friendly to the United States and does not appear to have any sympathy with the left. He is classified as a conservative.

Cléo BERNARDO Macambira Braga (PSB): He is a man of about 50 years of age and a lawyer who has been active in local politics for many years. In the October elections, he will run for the senate on the GDP (Coligação Democrática Paraense) ticket. Because of some of his views, many people have called him a communist. He hotly denies this, stating that he is a socialist and strongly nationalistic. At times he has spoken out against the United States principally against the presence of the United States companies in Brazil. He would be classified as a non-communist radical reformer.

Eduard Catete PINHEIRO (PTN): He will also run on the GDP ticket. (The GDP is composed of unsatisfied members of the various other parties; the principal groups are from the UDM and the PSP.) Catete Pinheiro was born in Monte Alegre, Pará. By profession he is a physician. He is about 50 years of age. In 1944, he was elected mayor of Monte Alegre. In 1949,

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he joined the PSP. He has been elected to the state assembly on three occasions. He was state secretary of health in 1953-54, president of the state assembly, and from June, 1955, to February, 1956, he was acting governor. He has traveled to the United States, speaks English, and generally shows a friendly attitude towards the United States. He would be classified as a centrist.

B. Incumbent Federal Deputies

Armando CARNEIRO (PEB; formerly with PSD): He is a well-to-do local business man about 45 years of age. He gained most of his wealth from Brazil nuts and land; he is also part-owner of the recently inaugurated cement plant at Capanema, Pará, which was financed, equipped, and constructed under the technical direction of Czechoslovakia. He is considered to be a competent and intelligent businessman, more of a businessman than a politician. Unofficially he acts on behalf of Gilberto MESTRINHO, the Governor of Amazonas, in business affairs. In the recent political problem, he aligned himself closely with the PIB. He is not known to have anti-American tendencies. He will run for re-election in the coming election. He is classified as a non-communist moderate reformer.

Armando CORREIA (PSD): He is an oldtime local politician who, in the past, has served as delegado da policia and secretary general of the state; at the present, he is considered more or less as a hanger-on. He is expected to run for re-election. A centrist.

Deodoro de MENDONÇA (PSP): He is an oldtime politician with waning influence. He is quite wealthy and has large holdings in this area. It is not expected that he will run for re-election. He would be classified as a conservative.

Epiloge de CAMPOS (UDN): He is a physician by profession who twice, unsuccessfully, was a candidate for governor. He is considered by many not to be a strong political personality although he is running for re-election. He is classified as a centrist.

Ferre COSTA (UDN): By many he is considered the leader of the opposition; he is quite politically powerful and definitely leftist in his political orientation. During the short period of President Janio Quadros, he was on close political terms with him and oriented his politics in line with those of Janio. He is intelligent, capable, and very nationalistic. Aside from his party connections, he is considered the intellectual leader of the "joint" leftist group. He will run for re-election; he is classified as leftist ultra-nationalist.

Gabriel HERMES Filho (UDN): See page 2. He is the leader of the opposition. He will run in this election and is classified as a centrist.

João MENDES (PSD): He is an oldtime politician who will run for re-election in October. He is classified as a centrist.

Ocelio de MENEZES (PSD): He is a party hack and a clever politician who still has some political influence. It is expected that he will run; he is classified as a conservative.

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Silvio BRAGA (FSP): He is the author of a book entitled Borracha ("Rubber"), which attacks foreign monopolies; the tone of the book is very nationalistic and is flavored with leftist ideas. The book is filled with misquotes and false statements against United States' firms, such as Firestone. During the recent political problems in Brazil, he aligned himself with the PTB. He is going to run for re-election and is classified as a leftist ultra-nationalist.

In a future report, information will be included about the other candidates who are running for federal office.

Edward J. Holsay, Jr.
Edward J. Holsay, Jr.
American Consul

Department please pass to all posts in Brazil.

cc: Amembassy, Rio de Janeiro
Amembassy, Brasilia

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TO : DEPARTMENT OF STATE
FROM : STATE-USIS
AMERICAN CONSULATE, CURITIBA
SUBJECT: OFFICIAL VISIT TO FLORIANÓPOLIS, CAPITAL OF THE STATE OF SANTA CATARINA.
DATE: July 10, 1962

DEPARTMENT OF STATE
BUREAU OF
ANALYSIS & DISTRIBUTION
AFFAIRS
JUL 18 1962
DATE: July 10, 1962

The reporting officer, accompanied by BPAO John P. Lee, made courtesy calls upon state and municipal authorities and the political headquarters of the UDN, PSD and PTB during their official visit from July 2-5.

A reception, co-hosted by the Consul and the Bi-national center, was offered to about 100 local authorities on July 3. The Governor, in turn, offered a luncheon for the Consul and about 50 high officials.

The attitude of all was most friendly and cordial and the opportunity was fully utilized to explain the Alliance for Progress and to publicize AID assistance to improve water supply of several Santa Catarina cities. As a manifestation of the friendliness shown, the hospitality offered by Colonel Lara Ribas, Commandant of the Military Police, should be cited. In addition to addressing his assembled officers on the good relations existing between the USA and Brazil to which the Consul answered in kind, the military orchestra gave a stirring rendition of the American national anthem and an American military march.

Memos of conversation with Governor Celso Ramos; Dr. Douel de Andrade, Vice Governor; Dr. Alcides Abreu, President of the Banco do Estado; Dr. Jader Magalhães, Secretary of Public Security and Dr. Geraldo Wetze, Secretary of the Treasury, will be submitted.

Press and radio coverage was complete and favorable and it is believed that the visit was successful in showing U.S. interest in the

cc: AmEmbassy, Rio
AmEmbassy, Brasilia

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state and in making valuable contacts. The Board of Directors of the Bi-National center expressed their pleasure at the favorable publicity the center obtained by this visit, and expressed the hope that this would lead to a larger enrollment of students.

Arthur W. Feldman

Arthur W. Feldman
American Consul

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| <p>During the reporting officer's official visit from July 2-5 in Florianopolis, he made a courtesy call on the headquarters of the PTB. He expressed a desire to become acquainted with its leaders and to learn something about the party and its program. The President of PTB, Dr. DouTel de Andrade, who is actually Vice Governor and is campaigning for re-election as Federal Deputy led the conversation in a room jammed with his followers.</p> <p>Dr. de Andrade explained that the PTB is a party whose strength is found in the laboring classes, particularly in the mining and port areas of Santa Catarina. He said that the Brazilians previously had no choice between the extreme right, the ultra conservative center and the extreme left, and that the PTB was organized to play an intermediate role between the center and the extreme left. He commented that the PTB is often called communist because it advocates communist-inspired projects at times; and that the party is not really communist but is more like the British Labor Party, yet would be offended at the attacks made against his party, yet would not accept the suggestion that such attacks could perhaps be countered by strong anti-communist action by the PTB. He stated that one of the proposals of the party is to redistribute the wealth. However, he was unwilling to explain just how this could be accomplished. He attacked the foreign interests</p> <p>see: Brazilian Desk Officer, Washington (1) Robert W. Dean, AmEmbassy, Rio (1) AmEmbassy, Brasilia (1)</p> | | | | | | | | |
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interests in Brazil for sending out of the country huge sums of money which were earned with a relatively small initial investment. He strongly rejected the idea that the amount of money exported by foreign firms was very small in comparison to the very large amounts sent out by Brazilians who, evidently having lost confidence in the Government, were seeking a safe haven for their money abroad. He stated this definitely is not so and is an oft repeated misstatement.

Dr. de Andrade commented that he had visited Cuba during the Batista regime and that he found there extremes of wealth and poverty, with the poor unable even to use the beaches which were owned by the rich. He stated that the wealthy in Brazil must learn to give up part of their wealth. He compared present day Brazil with the times of Marie Antoinette when she said that the poor should eat cake when informed that they had no bread. He launched into an attack on the U. S. aid policy saying that Brazil does not want philanthropy, and that Latin America is treated as a stepchild, whereas Europe received the bulk of aid. He cited the Marshall Plan as an example. He however gave half-hearted agreement when it was pointed out that the Marshall Plan was instituted to assist a war-ravaged continent and that as a humanitarian he also would have ascribed a high priority to such need. Now that Europe is on its feet, he was told, the U. S. is directing its full attention under the Alliance for Progress to work cooperatively with Latin American countries to improve their social and economic situation. This is being accomplished not by hand outs or by degrading the recipients but by each country contributing its share which in most cases exceeded that of the U. S. He continued his attack by claiming that U. S. aid was going for such minutiae as improving the water supply and providing low-cost housing whereas what should be done is to help with electric power, a basic need to improve the economic situation. He was told that many countries are receiving financial assistance for the development of electric power as in Brazil. He was given a resume of what type of projects the Alliance for Progress could assist, it being apparent that he was speaking either through ignorance of the Alliance for Progress Program or was making a deliberate effort to discredit U. S. assistance. He then asked why the U. S. did not come in and recommend worthwhile projects. In reply, he was asked if he would consider such a gesture as intervention in the internal affairs of Brazil. When he said "absolutely no" he was informed that the U. S. had suggested that a pilot plant should be installed in Parana, to exploit the huge shale oil reserves which could in time result not only in saving Brazil's hard earned dollars, now being spent to import petroleum, but could also lead to the establishment of a petro-chemical industry. He said we have noted little action being taken on this worthwhile project.

He

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He said that he was absolutely against such an operation. The discussion had to be ended since the next event on the agenda was the Governor's luncheon. Dr. de Andrade stated that he hoped to continue this discussion in Curitiba some day.

At the luncheon given by Governor Celso Ramos for the Consul, which was attended by about fifty high ranking officials, de Andrade took over as host since the Governor was too ill to appear. In his remarks, he mentioned the Fourth of July, Brazil's participation in World Wars I and II, the Consul's visit to the PTB headquarters and that he had had a frank exchange of ideas with him. He then launched into a political speech on Brazil's need for honorable assistance which would not degrade the Brazilians. The Consul, in his reply, stated that the basic concepts of President Roosevelt's Four Freedoms, of the Alliance for Progress and of the Punta del Este Charter were to be found in the Declaration of Independence. He remarked that the admiration and love of the American people for Brazil is evidenced not only by the desire of the American people to come unselfishly to the assistance of Brazil in her need, by providing powdered milk to poor school children and food to drought areas, but can also be found in the United States where Departments of Brazilian Studies are established in such universities as Vanderbilt and Boston University. He explained the purpose of the Alliance for Progress and how it operates. In replying to frequently heard criticism of the U. S. aid policy, he emphasized that this assistance could in no way be considered as an affront to national honor but was made in an effort to assist fellow man to reach his fullest capability in the most beneficial environment possible.

Comment:

Dr. Doutel de Andrade is in the reporting officer's opinion a potentially dangerous politician who apparently enjoys great influence nationally. In his talk, he used the communist approach and slogans against the exploitation of Brazil's natural resources, against foreign capital being invested in Brazil with safeguards furnished by the GOB, and for redistribution of wealth. These he mixed with elements of nationalism when discussing the Brazilian situation. Whether he really believes all this the reporting officer cannot judge since the locale of the discussion was in the PTB camp and de Andrade evidently tried to impress his followers at the expense of the visitor. The fact that the Secretary of the PTB, in a later discussion with HPAO Lee, stated that he was not in full accord with what Dr. de Andrade had said, was some indication that not all the telling points were made by Dr. de Andrade. His attack on such high impact projects as

providing

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providing potable water supply and low-cost housing might be occasioned by his objection to having U. S. prestige enhanced among the lower classes in such a direct way. Although equally necessary, the construction of an electric power plant, usually in some isolated spot, can not possibly have the same effect on mass public opinion as projects set up among the lower classes whose benefits they can readily appreciate. Thus by attempting to draw U. S. attention away to less tangible other needs, Dr. de Andrade might then be able to fully utilize the misery and poor health of the lower classes to further build up his political stature for his own gain.

Dr. de Andrade is considered in Florianopolis to be very close to President Goulart and owes his political position to him. He is alleged to have been elected Vice Governor as a pay-off for his party's support of the PSD in the 1960 gubernatorial election thus creating a situation whereby the Governor and Vice Governor are political opponents. Dr. de Andrade is also considered by the opposition to be a communist or at the very least a fellow-traveler. The reporting officer is more inclined to consider Dr. de Andrade as an opportunist who in an effort to discredit his opposition would tear the existing structure down with no firm ideas of what should replace it.

The consensus of opinion of those with whom the political situation was discussed is that Dr. de Andrade will be re-elected Federal Deputy. They anticipate that Santa Catarina will again see little of him until the next election in 1964.

Arthur W. Feldman
ARTHUR W. FELDMAN
American Consul

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| E | P | IO | SUBJECT : | | BRAZILIAN ELECTION REPORT No. 4 - COURTESY CALL ON GOVERNOR CELSO RAMOS OF SANTA CATARINA BY CONSUL ARTHUR W. FELDMAN ON JULY 2, 1962 IN FLORIANOPOLIS. | | |
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TO : DEPARTMENT OF STATE

FROM : Am Consulate GURITIRA

SUBJECT : BRAZILIAN ELECTION REPORT No. 4 - COURTESY CALL ON GOVERNOR CELSO RAMOS OF SANTA CATARINA BY CONSUL ARTHUR W. FELDMAN ON JULY 2, 1962 IN FLORIANOPOLIS.

REF :

The Governor, recuperating from the grippe, spoke at length about some of the problems of Santa Catarina and of Brazil.

Concerning Santa Catarina, he stated that until most recently, the state government owed no money to the Bank of Brazil. However, since the economic and social development of the state is placing a greater burden on its finances, he is now seeking outside financial assistance for such projects as increasing the electric power potential for industrial areas, extending rural electrification, improving potable water and sanitary services, expanding educational facilities and stimulating colonization. The Governor stated that he has submitted several of these projects to the Federal Government for consideration under the Alliance for Progress. He was very pleased with the visit of Mr. Hayward G. Lafferty, AID technician, who in June visited several cities to advise in the preparation of their projects for improved water supply under an agreement recently signed for U. S. technical and financial assistance in such projects as part of the Alliance for Progress.

The Governor commented that a German technician was also visiting Santa Catarina to study projects for experimental agricultural schools. This assistance is part of the loan package now under consideration by the German Government and the GOB.

cc: Brazilian Desk Officer, Washington (1)
Robert W. Dean, AmEmbassy, Rio (1)
AmEmbassy, Brasilia (1)

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FORM 4-62 DS-323

Drafted by: Arthur W. Feldman

Contents and Classification Approved by:

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Governor Celso Ramos told of his great interest in colonization and that he is negotiating to bring one hundred Japanese families into the state to help diversify agricultural production. At present, there are fifty Japanese families settled in Santa Catarina and they are working out nicely. He said that about 80% of the people who have settled in the western and southern part of the state came from Rio Grande do Sul where they were unable to expand their agricultural operations.

He expressed his worry over wheat production and is actively seeking a more resistant grain which would do better in this climate.

The Governor stated that it is a mistake, in his opinion, for the GOB to concentrate its efforts on the Northeast. He believes that by strengthening the economy of the other states as well that they in turn could help the stricken areas. As an ex-President of the Federation of Industries for Santa Catarina, he said that that organization did help the Northeast states in various ways but he did not go into details.

He was extremely pleased that San Tiago Dantas was unsuccessful in becoming Prime Minister. He also stated that it was a very good move for the U. S. to assist Governor Lacerda in his social and economic projects since he considers Rio to be the spiritual center of Brazil.

The Governor commented that Brazilian businessmen and industrialists would have to show their employees more enlightened treatment in regard to working conditions and wages. He cited himself as an industrialist who always treated his employees generously. He has always given them an additional month's salary per year and has advocated such a policy for others to follow.

The Governor stated that he would like to accept the leader grant which had been offered him in 1960 but that he could not do so much before the end of 1962. He explained Dr. Doutel de Andrade, the Vice Governor, was on leave to conduct his campaign to be reelected Federal Deputy and that in any case Dr. de Andrade was not one whom he wants to leave in control. He also stated that there was no one else who could take over at this time. Governor Celso Ramos said that he considers himself a moderating influence on the election

campaign

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campaign and that without him the results might not be at all satisfactory for his cause.

Comment:

The Governor appears to be a very active person with real interest in the welfare of Santa Catarina. He travels about a great deal and appears to be genuinely concerned about the economic and social development of his state. From conversations with members of his cabinet, the impression was gained that the Governor lets no opportunity slip by to help the state's economic development. He is also considered to be an honest and hardworking administrator having little patience with the inertia of bureaucracy. The Governor is also credited with being a shrewd politician who is not above buying the opposition's support. It is claimed that he thus obtained the alliance of the five MTR deputies.

Arthur W. Feldman

Arthur W. Feldman
American Consul

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TO : DEPARTMENT OF STATE

FROM : AmConsulate CURITIBA

SUBJECT : BRAZILIAN ELECTION REPORT No. 5 - MEMORANDUM OF CONVERSATION BETWEEN DR. JADES MAGALHAES, SECRETARY OF PUBLIC SAFETY IN SANTA CATARINA AND CONSUL ARTHUR W. FELDMAN ON JULY 2, 1962 IN FLORIANOPOLIS.

Dr. Jades Magalhaes is currently running for Federal Deputy on the PSD ticket (Partido Socialista Democrata - Social Democratic Party) whereas he is actually an active member of the PRP (Partido Republicano Popular - Popular Republican Party).

Dr. Magalhaes stated that he is running on the PSD ticket since that gives him a better chance for election as he would thus require only about 30,000 votes instead of about 55,000 as a PRP. He claims to be a good friend of Governor Celso Ramos and to be running with the Governor's blessing.

He stated that he is an ardent anti-communist and uses his position to keep close tabs on their activities. He claims to have persons in the various communist groups who keep him fully informed of the proceedings of communist meetings and of the Party's plans. He discounted the effectiveness of the communists whom he knows but was somewhat concerned about crypto-communists about whom he had no information. He listed sectors of known communist penetration as port workers, miners, educational circles, professional circles and the Governor's official family. He stated that there is a small group of communists in Santa Catarina and

cc: Brazilian Desk, Washington (1) that
Robert Dean, AmEmbassy, Rio (1)
AmEmbassy, Brasilia (1)

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FORM 4-62 DS-323

Drafted by: Arthur W. Feldman

Comments and Classification Approved by:

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that their influence is very limited. Dr. Magalhaes is in full accord with Plinio Salgado's thesis that what Brazil needs is rule by the elite. He strongly criticized Brazilian politicians for being corrupt, venal, and disloyal. He stated that in World War II Brazil was used as a jumping off place for the Allied invasion of Africa and now it was in danger of being used reversely by the USSR to attack the U. S. For this reason, he advocated a strong Brazil with adequate defenses to repel foreign invasion and to put down internal uprisings. He would not accept the concept that communism does not have to depend upon armed invasion to conquer a country. Cuba was given as a graphic example of how communism can seize control of a country through treacherous leaders. He remained unshaken in his conviction even when it was pointed out that the U. S. not only was strong enough to militarily to prevent or repel such an invasion but was also committed to do so with all its might. The huge expense of maintaining a sufficiently large and capable force for such an eventuality was also mentioned as well as the fact that Brazil could make great strides forward by utilizing this money for economic and social development, which in itself could help diminish the threat of communism from within. He recognized the validity of these statements but still insisted on a strong military force.

Turning to local politics, he stated that the UDN (União Democrata Nacional - National Democratic Union) was going to lose electoral strength this year and that the PSD would gain accordingly. Thus the reins of state government would remain in the hands of the PSD. He also discounted rumors that an alliance was being negotiated between the PTB and either the PSD or the UDN.

He said that the PSD would win with a vote so large that it would not need the support of the PTB. Conversely, according to Dr. Magalhaes, the UDN knows that it can not win even with an assist from the PTB and for that reason it will not become allied with the PTB which represents so much that runs counter to UDN principles. He believes that the state conventions of the PSD and of the PTB parties on or about July 7 will prove his contention regarding party alliances.

Comment:

Dr. Magalhaes is known to be a very hard worker who sincerely believes in an elite governing group. He is also an active campaigner and opponent of communism. From this

conversation

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conversation the reporting officer obtained the impression that Dr. Magalhaes was advocating a fascist type of government for Brazil and was using the threat of attack from the exterior as an excuse to build up a strong military arm which could by implication also be used to impose domestic controls. He had no constructive proposals to remedy Brazil's ills except the elimination of graft and corruption from government. He expressed an awareness of the poor economic plight of Brazil but had no program to offer to assist the economy. He believes that he has a good chance to win the election. Comments by other parties give him a less than fair chance at this time. An active assist by Governor Gelse Ramos could favorably change the odds.

Dr. Magalhaes stated that he, as many others living in Santa Catarina, was not born there but in the north and that he has relatives living in Curitiba.

He appears to be favorably inclined towards the U. S. and gave the impression that he was speaking frankly during the conversation.

Arthur W. Feldman
Arthur W. Feldman
American Consul

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ACTION: *File to reaction*
INFO: ANALYSIS & DISTRIBUTION
RM/R FILES: *W.W. Wilson*

FROM: Amembassy RIO DE JANEIRO
DATE: July 10, 1962
SUBJECT: Brazilian Elections 1962
Court Decision Forces Elections of Guanabara State Legislature in October
REF: Despatch 891, May 14, 1962; Despatch 1080, May 9, 1960; Week 4, January 30, 1962.

A Federal Supreme Court decision of May 18, 1962 declaring unconstitutional two articles of the Guanabara State Constitution will require Guanabara to elect a new Legislative Assembly in October. The legislature will more than double in size and cost to the state; in addition, the mandate of present Governor Carlos Lacerda will be extended eight months until December 5, 1965.

When the national capital was transferred to Brasilia in 1960, the old Federal District encompassing Rio de Janeiro became the state of Guanabara. The legislation creating the new state (Law No. 3752, drafted by San Tiago Dantas) provided for elections to be held in October, 1960 for Governor and 30 deputies, the latter to serve for two years, first as a constituent assembly, and thereafter as the state's first Legislative Assembly. The portion of the San Tiago Dantas Law, as it came to be called, which fixed the terms of these first legislators, and that of the governor, read: "The mandate of the governor will have the duration of five years. The mandate of the deputies will terminate January 31, 1963." Another part of the same law provided for the incorporation of the members of the former Federal District's Chamber of Aldermen, of Municipal Council, into the new Legislative Assembly after the promulgation of the Constitution.

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The Constitution-makers saw things differently. In Article 4, paragraph 1, they made the state legislature's terms "identical with that of the Chamber of Deputies", that is, four years. Article 4 of the special Transitional Clauses section (Disposicoes Transitorias) provided for the Assembly elected October 3, 1960 to "exercise its functions until the end of the first legislature, without alteration in its present composition". Article 6 provided for them to "exercise the mandate of the first legislature...starting from the date of the promulgation of the Constitution..." Since the Constitution came into force March 27, 1961, all this added up to mean that the first legislature would serve until March 27, 1965. In Article 27 of the Constitution the legislators provided for the election of the governor to be simultaneous with that for the deputies. Thus, the first governor, who had taken office December 5, 1960, and under the terms of the San Tiago Law had expected to serve until December 4, 1965, had his term cut back to roughly four years and four months, that is, until March 27, 1965.

All might have been well if the Constitution-makers had not in Articles 4 and 5 of the Transitional Clauses also abolished the old Chamber of Aldermen while at the same time denying the aldermen the right, foreseen in the San Tiago Law, of being incorporated into the new Legislative Assembly. For the rejected aldermen fought back. They lost the first round a year ago when the Supreme Court ruled against their suit to have portions of the new Constitution declared unconstitutional. They lost again in January--their seats as well this time--when the Court upheld the new Constitution's nullification of their mandates.

This most recent fight they have won--though it was at best a kind of negative victory. Led by Jose Bonifacio de Andrade, ex-President of the Chamber of Aldermen, and the small Worker's Socialist Party (PST), they got from the Federal Supreme Court a finding of unconstitutionality for Articles 4 and 6 of the Transitional Clauses. The litigants were helped by circumstance. The place of absent Judge Barros Barreto, who last year cast a tie-breaking vote against the aldermen's case, was taken by Judge Cunha Melo, who voted for the aldermen.

With the nullification of the articles making the first legislators' term four years dating from the promulgation of the Constitution, the provision of the San Tiago Dantas Law setting the first legislature's expiration date at January 31, 1963,

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comes back into force. Guanabara will elect a new Legislative Assembly this year. This one, in accordance with Article 4 of the Constitution, which is now activated, will total 55 deputies instead of the present 30. And since the governor's term was originally fixed by the same paragraph in the San Tiago Dantas Law that set the term of the first carloca legislature, Carlos Lacerda is now looking forward to eight more months in office than he had counted on since the promulgation of the Constitution. (Some newspapers have opined that this will take another court decision, and they may be right, for the Constitutional provision for election of the governor "simultaneously" with the deputies has not been ruled on.)

Such press comment as there has been has welcomed the decision. Jornal do Brasil lauded the PST for its fight, and called the decision "a big step toward the restoration of the will of the people and the supremacy of law...and toward the strengthening of national confidence in the independence of Brazilian justice." Conservativo O Globo rejoiced over the prospect of eight more months of Lacerda. Ultima Hora saw an opportunity to elect more Lacerda opponents to the legislature.

Most of the legislators affected have indicated that they view the new elections as a chance to expand their respective parties' representation in the legislature. The impression persists that they have been looking hard for a silver lining. Presumably, the fighting aldermen are pleased, for they can, as a result of their efforts, contest state legislature seats this year instead of having to wait until 1965.

The political din in already noisy Guanabara will increase, though it is too early to predict which politicians or parties stand to benefit by the court's ruling. (The Regional Electoral Court of Guanabara has declared that a total of 1,274 candidates, representing 13 parties, will run for office--Federal Senate, Chamber of Deputies, and State Legislative Assembly--in Guanabara this year.) Lacerda will campaign actively for the election of like-minded assemblymen. His opponents, principally the extreme left, will make an all-out effort to capture the state legislature and undermine the governor's position. The appearance on the scene of pro-Communist Governor Leonel Brizzola, who has stated his intention to run for federal deputy from Guanabara, should further add to the political pyrotechnics.

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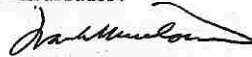
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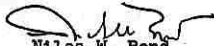
Once the newly expanded Assembly convenes, the pressed Guanabara treasury will have a heavier burden to sustain. In addition, the unexpected elections mean an immediate legislative hiatus on state employment matters, for the Constitution suspends such legislation 180 days before elections.

For the Ambassador:



Frank Micelotta
Third Secretary of Embassy

APPROVED:



Miles W. Bond
Deputy Chief of Mission

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FROM: Rio De Janeiro

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TO: Secretary of State

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NO: 101, July 10, 9 p.m.

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CAP

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Octavio Bulhoes came in today to discuss financial outlook. He generally discouraged about political crisis and uncertain about what formation Cabinet under Brochado Da Rocha might portend for economic and financial policy. He confirmed difficult exchange situation (reported EMBTEL 80 and previous) and rapid recent deterioration stabilization prospects.

IJA

AID

PC

P

Essentially, Bulhoes conveyed to Korp and me that he will be guided by following:

USIA

NSC

INR

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COM

A. If new Finance Minister will be one who can be expected inspire confidence and pursue sound policies energetically, Bulhoes would, together with his technicians, and in collaboration with us, try to prepare sensible program for use new Minister. He is thinking of measures such as complete unification exchange rate at realistic level (believes political crisis could be used as convenient excuse to justify substantial depreciation this would entail).

FRB

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B. If appointee not promising, Bulhoes would resign and leave new Minister to own devices.

Bulhoes did not speculate on who prospective Finance Minister might be. Press reports indicate San Tiago Dantas approached but apparently resisting as job runs counter his election plans.

indicated to Bulhoes would be agreeable for Korp work with

-him-

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NAME OF OFFICER: DK Palmer

DATE OF ACTION: 7/11/62

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DATE: July 10, 1962
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FROM : Amcoagen SÃO PAULO
SUBJECT : Weekly Summary No. 28
REF :

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 3. PTB for José Bonifácio
 4. Adhemar Starts Campaign
 5. Political General Strike Flops Badly in São Paulo
 6. Communists Revive Inter-Union Unity Pact
 7. August Union Meeting in São Paulo to Promote Communist Hemispheric Labor Strategy

PSYCHOLOGICAL: 1. Local Press Reaction

POLITICAL

1. São Paulo Calm

São Paulo has been quieter than during a "normal" week: no one is interested in local events with a crisis going on in Brasília. State politics are in temporary recess. The general strike called in support of President GOULART was a total flop in the city of São Paulo and in all others in this State except Santos (see Item 5 below). Police and troops were ready for the disturbances which did not occur. ~~Business~~

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went on as usual, with the banks reportedly receiving three billion cruzeiros to withstand a possible run.

But every important Paulista politician tried to influence the crisis. Governor CARVALHO PINTO, disappointed that national leadership had again eluded his State (Item 2), tried -- as usual -- to keep everyone happy: "The establishment of parliamentarianism, as an emergency solution, was intended to avoid disorder.../which again/ menaces the security and tranquility of the nation. It is now urgent... to re-establish constitutional definition of the authority of the government of the Republic." This avoided open endorsement of a return to presidentialism, yielding to the renewed Paulista mistrust of João Goulart; but it seemed clear that the Governor would not strenuously mourn death of the parliamentary system. President Goulart's Brazilian Labor Party (PTB), as it happened, had just lined up behind administration gubernatorial candidate José Bonifácio NOGUEIRA (Item 3).

José Bonifácio was less coy. He openly preached return to presidentialism, blaming its interruption on the crisis manufactured by Jânio QUADROS.

Gubernatorial candidate Adhemar de BARROS, whose Social Progressive Party has national strength, left off campaigning (Item 4) to fly to Brasília. His followers accused Goulart of preparing a coup d'état.

National Democratic Union President Herbert LEVY seemed to hold approximately the same belief. He left Brasília for São Paulo, reportedly wishing to avoid personal contact with President Goulart. (He had recently been instrumental in keeping the UDN more or less at peace with the President.) The crisis, he told the press, was "artificial," created by the President to further his personal ambitions. (LIMITED OFFICIAL USE)

Comment: Influential Paulistas in business (Weekly Summary 26) and politics apparently agree on the objective of braking Goulart, but they differ in method. The school which prefers to work against him rather than with him has been strengthened by the crisis. (LIMITED OFFICIAL USE)

2. MOURA ANDRADE Disappoints São Paulo

Almost all political groups in São Paulo were pleased with Senator Auro Moura Andrade's nomination to the Prime Ministry -- as indicated by the unanimous approval of the Paulista Deputies in the Federal Chamber -- and

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correspondingly disappointed when he quit. Governor Carvalho Pinto "regretted the occurrence deeply," without assigning specific blame to anyone. Adhemar de Barros appeared to blame Goulart. The only one visibly delighted was ex-President Jânio Quadros, Brazil's best-known resigner. The "reactionary forces" causing the present problems, he said, were just the ones which had sabotaged him. Others saw Moura Andrade's resignation of national power (less than a year after Jânio's) in a different light. "Seems that every chief of state from São Paulo has a resignation mania," said a columnist in leftist/ nationalist paper Ultima Hora. (OFFICIAL USE ONLY)

Comment: Both Adhemar and Carvalho Pinto had hoped that the local PSD, left without a gubernatorial candidate by Moura Andrade's acceptance of the Prime Ministry, would swing their way. There are signs that Carvalho Pinto worked actively for Goulart's nomination of the São Paulo Senator. Local business circles, on the other hand, were pleased with the nomination because they considered Moura Andrade a "safe" Prime Minister. Paulista pride has suffered a lot in the past year. (LIMITED OFFICIAL USE)

3. PTB for José Bonifácio

The Executive Commission of the Brazilian Labor Party (PTB) has announced its decision to nominate José Bonifácio Coutinho Nogueira for Governor of São Paulo. A State convention to be held later is expected to go along with this decision. The PTB thus becomes part of the "Popular Front" coalition (UDN, PDC, PR, PRT, PST) supporting the administration candidate.

The PTB had previously expressed the intention of nominating Renato da COSTA LIMA. (UNCLASSIFIED)

Comment: It is not likely that the maneuvering behind this will ever become known in full, but President Goulart was probably behind the local PTB decision. São Paulo party leader Ivete VARGAS evidently fought José Bonifácio's nomination. The PTB is no great source of vote strength in São Paulo, but its adherence to the "Popular Front" makes leftist attacks on José Bonifácio more difficult and should increase his backing in a few of the unions.

The deflation of the previous trial balloon was probably due both to Goulart's influence and to Costa Lima's unwillingness to run unless he could make a good showing. (LIMITED OFFICIAL USE)

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4. Adhemar Starts Campaign

Adhemar de BARROS held his first gubernatorial campaign rally on July 3, in the São Paulo city of São José de Rio Preto. His followers claimed an attendance of forty thousand, as did Jânio Quadros' staff during Jânio's recent appearance in the same town. Reliable newspapers put the actual total at about one fifth of that estimate in both cases. As usual in recent utterances, Adhemar and friends criticized the present State administration mildly and candidate Jânio Quadros severely. Barros appeared to accept Governor Carvalho Pinto's principle of "administrative planning." Candidate Barros seemed to be surrounded by a new group of followers: He has recently been referring to himself as the "most betrayed" public figure in São Paulo. (OFFICIAL USE ONLY)

Comment: Adhemar did well, even at realistic estimates of crowd numbers. Crowds in the quiet São Paulo "interior" are willing to turn out for a good show, and both Adhemar and Jânio -- but not José Bonifácio -- know how to put one on. Adhemar traditionally runs strong early in campaigns, however, and weakens later. If he keeps on as he is going, one can only hope that he has indeed accepted the principle of administrative planning and that his new buddies are more honest than the old.

The relatively heavy attacks on Quadros reflect (a) the almost universal conservative fear of Jânio, (b) recognition of Carvalho Pinto's popularity, and (c) Adhemar's recent pose that Jânio is the only threat to his chances. (LIMITED OFFICIAL USE)

5. Political General Strike Flops Badly in São Paulo

A nation-wide 24-hour general strike called for 12:01 a.m. July 5 by leaders of the National Confederation of Industrial Workers (CNTI) and the Unity and Action Pact (embracing national federations and unions of maritime, port, railroad, and airline workers) purportedly "in defense of constitutional legality" and in favor of a "democratic nationalist" Federal cabinet failed completely in all of São Paulo State except Santos. The latter city was almost completely paralyzed by the strike. São Paulo press and radio carried a manifesto issued by the Democratic Union Movement (MSD) condemning the strike as illegal, politically-inspired, subversive and "one of the steps toward the conquest of power by (masters of agitation) and the (ensuing) Cubanisation of Brazil." The manifesto was signed by anti-Communist labor leaders from the States of São Paulo, Guanabara, Paraná, Santa Catarina, and Rio Grande do Sul. (UNCLASSIFIED)

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Comment: Non-Communist Paulista labor leaders were virtually unanimous in their conviction that the general strike was in fact instigated by President Goulart as a maneuver to regain his full presidential powers and strengthen his political position. The principal reasons for the strike's failure in São Paulo were (1) the surprising lack of effectiveness on the part of local Communist labor leaders, many of whom called strikes in their respective unions but did little or nothing to execute them; (2) the more understandable lack of coordination between the opportunistic, Communist-influenced CNTI leadership in Rio and Paulista Communist union leaders; and (3) the generally accepted lack of receptivity to political strikes among São Paulo workers and non-Communist union leaders. The MSD manifesto also contributed in an undetermined degree to the failure of the strike. Local Communist leaders were upset over their poor showing and bitterly shifted the blame to the national strike leaders. The fiasco also demonstrated the fact that Goulart has practically no following among local labor leaders outside of the Communists. (LIMITED OFFICIAL USE)

6. Communists Revive Inter-Union Unity Pact

Following the failure of the general strike in São Paulo (see Item 5), local Communist union leaders went through an agonizing reappraisal in a series of meetings on July 5 and 6. To coordinate future strike action they decided to set up a permanent organization along the lines of the former Inter-Union Unity Pact (Pacto de Unidade Intersindical -- PUI). They also resolved to try to attract non-Communist leaders of unions in key fields such as public utilities and public transportation. (LIMITED OFFICIAL USE)

Comment: Responsible non-Communist leaders of São Paulo electrical powerplant workers, gas workers, and telephone employees will not readily be bamboozled by an obvious Communist ploy. Opportunist non-Communist leaders of local bus drivers and taxi drivers may be more easily persuaded. Communist-influenced streetcar workers and airline ground crew personnel will most likely cooperate with Communists in the other fields. While a new Inter-Union Unity Pact will probably help the Communists to coordinate action among the important local unions already under their control, it is not apt to have much attraction for the many non-Communist union leaders who emerged sadder and wiser from previous unity pacts. (LIMITED OFFICIAL USE)

7. August Union Meeting in São Paulo to Promote Communist Hemispheric Labor Strategy

Communist labor leaders are actively organizing a Fourth National Union Meeting to be held in São Paulo on August 17 - 19. The Communist-influenced

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National Confederation of Industrial Workers (CNTI) and Communist-controlled National Confederation of Workers in Credit Institutions (CONTEC) are sponsoring the meeting. The other three National Confederations (Commercial Workers - CNTC; Land Transport Workers - CNTTT; and Maritime, Airline and River Transport Workers - CNTTMAF) withdrew their previous sponsorship. President Goulart will reportedly make Federal Government funds available to pay the expenses of the meeting. Invitations are said to have gone out to all unions in Brazil. (LIMITED OFFICIAL USE)

Comment: The Communist strategy seems to be to portray the Fourth Union Meeting as a representative meeting of the entire Brazilian labor movement which will then choose a delegation (undoubtedly Communist-oriented) to a hemispheric conference in Santiago, Chile, in late August. This conference is supposed to achieve the long-term Communist objective of establishing a Cuban-led Communist-dominated Latin American Trade Union Federation to replace the virtually defunct and discredited CTAL (Confederación de Trabajadores de la América Latina) in opposition to democratically-oriented ORIT (Organización Regional Interamericana de Trabajadores). Non-Communist Paulista labor leaders are hopefully not as likely now as in the past to be taken in by an obviously Communist-inspired maneuver designed to create an illusion of labor unity. (LIMITED OFFICIAL USE)

PSYCHOLOGICAL

1. Local Press Reaction

POLITICAL CRISIS - As Brazil's ministerial crisis worsened, some observers saw behind it the fine Italian hand of President Goulart. Editorialist Carlos RIZZINI in Diario de S. Paulo observed: "There is no mystery nor secret (about the maneuver). The President has done nothing (since its inception) but try to prove the inefficacy of the parliamentary system, which he accepted against his will." Folha de S. Paulo put the blame not only on Goulart's maneuvers, but also on the "72 years of personalism that has characterized our (Brazilian) presidentialism." Writing in O Dia, State Deputy Hilario TORLONI (PSP) alerts the public in these words: "Powerful forces are exhausting all resources in an attempt to topple the parliamentary system. Who is commanding the struggle (using all methods), from social agitation to military power? Mr. João Goulart.... And who pays for all of this? The same 'people' which Jango claims to want to save." Correio Paulistano continued to support President Goulart with editorialist Otavio MARIA calling him a champion acting "in defense of Brazil, unmasking those who would impede the progress of this country," and

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saying in the same editorial, "either we are a free, independent, mature, major power or we are nothing and we will continue to be...a colony of those who are strangling us economically and financially."

Commenting on a campaign apparently sponsored by Goulart, for an immediate popular plebiscite to annul the Ato Adicional (amendment instituting the parliamentary system) Folha concluded that it would be "against the best interests of the people and of the country, since the deep wounds suffered as a result of last August's crisis (Júlio Quadros' resignation) are not yet healed. In addition to this the general public has not had sufficient opportunity to prepare itself to make a choice."

As the unsuccessful general strike called by leftist-dominated labor unions petered out O Estado observed that the movement represented "only a minute number of Brazilian workers." O Estado based its statements on the fact that "thirteen million 'Paulistas' were represented by a manifesto of democratic workers, denouncing the strike as agitation and an attempt to 'cubanize Brazil.'"

FOURTH OF JULY - In addition to receiving considerable attention by all media, three newspapers dedicated editorials to American Independence Day. A Gazeta observed: "For the democratic world (American) Independence Day has a deep meaning. When totalitarian tyrannies blow winds of danger... the principles laid down on July 4, 1776, rise up crumbling the advance of the enemies of culture and of self-determination." From Folha de S. Paulo: "Only the presence (of the United States) in Europe, in the Middle East, in the Far East, prevents Red tanks rolling over the world to confine humanity to the dark, so often bloody Communist regime." O Estado de S. Paulo heralded the USA as "the unquestionable leader of democratic ideals. The American national holiday is thus a commemoration for the free world."

CUBA - Commenting on statements made in Montevideo by Blas ROCA, Secretary of Cuba's Communist Party, O Estado de S. Paulo commented: "The fact is that Cuba, and any Communist country, must look to the future for everything and can expect nothing from the present... However, the promising future never arrives, not even in the Soviet Union after 45 years of socialism (communism) and in spite of abundant promises.... The Cuban people may take for granted only hunger and rationing." Diario de S. Paulo also commented on the new travel restrictions in Cuba: "It appears that East Germany and Fidel CASTRO's Cuba are participating in a strange competition to see which country achieves the most effective results in depriving its citizens of the freedom of locomotion."

(UNCLASSIFIED)

Daniel M. Braddock

Daniel M. Braddock
Minister Consul General

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Goulart's third nominee, Dr. Francisco Diogo BROCHADO DA ROCHA, dark-horse candidate from President's home state Rio Grande do Sul, accepted by Chamber July 9. Brochado reportedly still member Social Democratic Party but became allied with Labor Party in recent years through close association and collaboration with Rio Grande governor, Leonel BRIZOLA, brother-in-law of Goulart and one of Brazil's most successful young leftist politicians whose rise has been based largely on demagogic use of ultranationalism and Yankee-baiting. Brochado

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POLITICAL

1. Political Campaign Developments

Just two months and twenty nine days before the October 7 election, Government forces in Pernambuco finally found a candidate to run the gubernatorial race against MIGUEL ARRAES. The choice: JOSE CAVALCANTI NEVES, President of the National Order of Lawyers (Pernambuco section) and former Secretary of Justice and Interior to Governor CID SAMPAIO. The selection of Neves early on July 9 presumably ended the long search for a standard bearer who might be able to reconcile the divergent forces opposed to Arraes, and signaled a new beginning of the gubernatorial

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campaign in Pernambuco. Neves became the candidate as a result of a forced compromise agreement between Governor Cid Sampaio and erstwhile candidate JOAO CLEOFAS, ostensibly mediated by the Governor's bench in the State Assembly. Yielding to tremendous pressures, mostly initiated by Governor Sampaio, Cleofas finally consented to withdraw his candidacy (and to release Governor Sampaio from his promise of support) in favor of any person except PAULO MACIEL, Sampaio's first choice as successor to the throne. With Maciel out of the picture, it took the mediators less than twelve hours to come up with Neves' name, which was accepted promptly, if somewhat reluctantly, by both Sampaio and Cleofas.

Neves, a very successful local lawyer, is a former member of the PSD. He left the PSD to help elect Cid Sampaio in 1958 and was rewarded with appointment as Secretary of Justice and Interior. After several months in office, Neves broke with Sampaio and resigned. Since then, and until now, the two have been estranged.

Neves is known locally as a politician among politicians. Skilled and astute at bargaining and political in-fighting, Neves has had no real opportunity to develop a large popular following or to prove that he has potential popular appeal. Although he lacks a broad popular base on which to build his campaign, Neves is said to possess the intelligence, aggressiveness, flexibility, tenacity, and political horse-sense needed to win and hold the support of other political leaders.

Early indications were that Neves might need all of the admirable qualities he possesses just to marshal the minimum political support necessary to remain a candidate. Immediate reaction to the news of his candidacy ranged from relief to unenthusiastic acceptance to dismay, and sparked doubts that Neves would get the solid backing of any one of the three important parties in Pernambuco (PTB, UDN, PSD). Neves clearly has much work to do within the next few weeks to convince the parties that he merits their support.

Neves' best chance of major party support lies with the UDN, the party of Sampaio and Cleofas. However, resentment within some sectors of the UDN over Sampaio's "betrayal" of Cleofas could lead to a refusal to bestow the party blessing on Neves. The PTB, of which Neves is now a nominal member, might also be expected to declare Neves its candidate. The PTB position, however, will be determined by President GOULART, who has yet to declare himself definitively. Goulart, the Consulate General was informed in April, initially proposed Neves' candidacy, but there are ominous whisperings about town now that Goulart has turned thumbs down on Neves.

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Thus, the long-awaited compromise candidate has finally emerged. Given sufficient party backing, Neves could be the person to defeat Miguel Arraes. Failing that backing, Neves will probably return to the obscurity from which he emerged, and Pernambuco's conservatives will find still another candidate to bear their standard in October.
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2. Local Reaction to National Crisis

Reaction in Recife to the national political crisis brought on by the resignation of Moura Andrade was limited to a 24 hour work stoppage by several trade unions. On July 5 bank workers, railway workers, stevedores, warehousemen and port workers all walked off their jobs in the Recife area in support of President Goulart. Municipal buses stopped running about 7 p.m. the same day but were back in service the following morning. All other working sectors stayed on the job and the city's life continued on at its normal pace. Except for cancellation of flights from Rio and São Paulo, air traffic was normal. All workers returned to the job the following day but there were continued strike threats in favor of a "nationalist government." (UNCLASSIFIED)

Comment: All five unions which fully participated in the 24 hour strike on July 5 are Communist-controlled. (LIMITED OFFICIAL USE)

3. Continued Sniping at Celso Furtado

During the meeting of the SUDENE Deliberative Council on July 4, the representatives of various state governments joined Ministry of Education representative GILBERTO FREYRE in taking verbal pot-shots at CELSO FURTADO. Referring to a proposal engineered by Governor ALUISIO ALVES in May under which the SUDENE Secretariat would have been forced to work more closely with the state governments and to consult more seriously with the Deliberative Council, state representatives charged that Furtado was trying to railroad projects over the objections of state authorities. However, as Aluisio Alves was absent this month, the Deliberative Council took no definite action on his proposal. During the debate, Gilberto Freyre heatedly declared that he had no intention of continuing to "lend his name to the Council for purely decorative purposes."

SUDENE, and Furtado, came in for more criticism when Governor Sampaio addressed visiting members of the Escola Superior de Guerra on July 6. State authority and jurisdiction were being trampled under by SUDENE, he said, pointing out that SUDENE was now an action agency with massive federal funds for implementation of projects over which the states had virtually no control. Sampaio insisted that SUDENE must work more closely with and be more closely controlled by the states.

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Furtado himself addressed the same visiting military officers on July 7 and, brushing aside most of these criticisms, described to them the SUDENE program. During his address he declared that he "would not remain in the Northeast long if he saw that the agrarian problem was not soon to be tackled." Interestingly enough, the Commandant of the War School presented Celso Furtado with an honorary diploma and delivered a speech praising both SUDENE and its Director, even saying that the War School wished to voice "its warmest vote of confidence in both." (OFFICIAL USE ONLY)

Comment: Furtado's remarks on the agrarian problem are thought-provoking. In a recent interview with Dr. HENRY KISSINGER, while stating categorically that talk of development was idle unless the agricultural system could be revitalized, Furtado also explained that he did not expect an agrarian reform program to be legislated before the end of next year. Talk at this time of resignation seems, therefore, somewhat premature. More than likely his statement simply represents a verbal ploy with which he hopes to build up pressure for reform legislation and force some action from Congress. The possibility remains, however, that, under fire as he is, Furtado is beginning to prepare his defensive ground for the day when his ouster might be attempted. (LIMITED OFFICIAL USE)

4. Floods in Alagoas and Pernambuco

While only two months ago baking under a rainless sky, large areas of Alagoas and Pernambuco were this week under water. Torrential downpours caused the Una, Capibaribe, Beberibe, Pirangi, Sao Miguel and Mandau rivers to overflow their banks. Thousands of homes were washed away in both states, leaving an estimated 10,000 people without shelter. The Catende-Palmares area in Pernambuco was especially hard hit and the State Government, SUDENE and various relief organizations moved in early this week to distribute food, clothing and medical supplies. Alagoas was even worse off and less able to pull itself out of the hole. SUDENE therefore airlifted food and other relief supplies into the stricken area. (UNCLASSIFIED)

Comment: Though of disaster proportions, the situation appears to be fully under control. No epidemics have yet been reported and there were few drownings. Ninety per cent of the structures destroyed by the floods were shacks housing desperately poor rural families who are, even with the loss of their homes, only slightly more miserable now than before. (LIMITED OFFICIAL USE)

ECONOMIC

1. New State Development Bank

After almost two years of organizational maneuvering, the State Caixa de Credito Mobiliario this week became the Pernambuco State Development Bank (Banco de Desenvolvimento de Pernambuco). The new bank will have the opportunity to play an extremely important role both in industrial and agricultural development within this state. Able to make and/or guarantee

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loans to industrial and agricultural enterprises, the bank is also empowered to finance construction of low cost housing, electrification projects, purchase of land for redistribution, etc. The fact that PAULO MACIEL, the able and honest young Secretary of Treasury, is to be the Development Bank's first president augurs well for its success. (UNCLASSIFIED)

2. New IDB Loans to Pernambuco

The State Government announced this week that it had been notified of the approval of an IDB loan of more than \$3 million (US) to help finance the COPERBO synthetic rubber plant. According to COPERBO, the loan will permit earlier installation of the plant's heavy machinery, which was purchased in the United States.

Approval of an IDB loan for a low cost housing project was also announced. State officials most closely connected with the project are scheduled to depart for Washington next week to work out details. (UNCLASSIFIED)

PSYCHOLOGICAL

The past two issues of O Cruzeiro, nationally distributed magazine of Assis CHATEAUBRIAND's Diarios Associados, have carried articles on Communist penetration in the Northeast. Authored by one Glauco CARNEIRO, the articles presumably are the first two of a series entitled "Northeast: Red Danger" (Nordeste: Sinal Vermelho). The initial article concerned itself with the "threat to democratic institutions" posed by SUDENE and its Director, Celso Furtado, while the second concentrated on Recife Mayor Miguel Arraes as the symbol of Communist progress in the Northeast.

Carneiro sees SUDENE as a nest of Communist plotters, and Celso Furtado as an evil, conspiring Communist agent. Everything SUDENE does or fails to do Carneiro interprets as part of a deliberate attempt to further the establishment of a Communist beachhead in the Northeast. To document his wild charges, Carneiro throws in a list of names of Communists employed by SUDENE, but the credibility of the list is weakened by the inclusion of one person who is not connected with SUDENE and another who is known locally as an anti-Communist.

In Miguel Arraes, Carneiro has a more vulnerable and more suitable target for an anti-Communist attack. The potential value of the expose of Arraes, however, is largely lost by Carneiro's smear of local anti-Communists for alleged associations with Arraes and by Carneiro's over-abundant praise of the Instituto Brasileiro de Acao Democratica, a mysterious São Paulo - based anti-Communist organization which is identified locally with the extreme right. Much of the material used by Carneiro is identical with material published by PAULO MALTA, a local columnist and frequent Government press outlet who is also on the IRAD payroll.


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There is little question that these articles were timed to have an effect on elections in Pernambuco. By adopting the line that Communists have already taken over the supra-state agency, SUDENE, and writing as if the election of Arraes as Governor were a sure thing, Carneiro and O Cruzeiro probably hope to arouse people to support anti-Communists in the October elections. Their efforts appear to have had limited success. Locally the articles have had an impact mostly on persons who are already inclined to oppose SUDENE, Furtado, and Arraes. Carneiro's intemperate technique, reminiscent of the McCarthy period in the U.S., is that of a hysterical anti-Communist hurling wild accusations, making broad and sweeping generalizations, and drawing unjustified conclusions. Carneiro, through these articles, may simply be adding to the prevailing confusion and thus helping the cause of the Communists more than he hurts it.

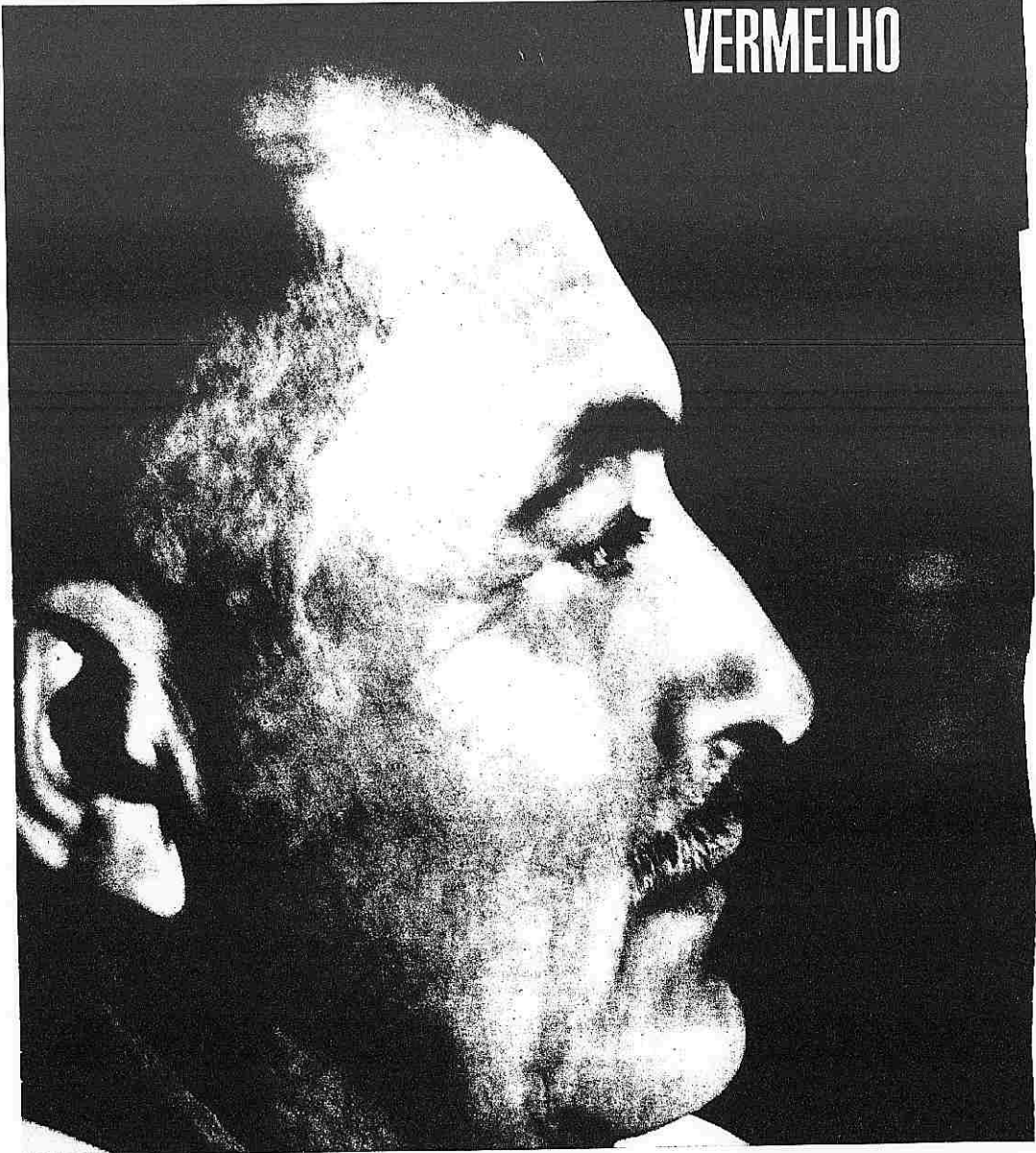

Eugene Delgado-Arias
American Consul General

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PERNAMBUCO

DEMOCRACIA

EM

PÂNICO

Por força da miséria do meio, propícia à difusão das idéias marxistas-leninistas, Pernambuco sempre teve uma extrema-esquerda atuante, que, acolhida, professada e discutida em tôdas as rodas, nunca encontrou grandes embaraços à sua ação, embora o comunismo esteja na ilegalidade. A 7 de outubro, o PC, provavelmente, encerrará a luta de 40 anos contra a democracia: Miguel Arrais deverá se tornar governador do Estado, passando aos vermelhos o contróle do bastião mais importante da defesa do Atlântico Sul e cubanizando o Nordeste.

Reportagem
de

GLAUCO CARNEIRO

0547

**Impunemente
Julião
continua a mandar
bucha de canhão
para Cuba**

O DEPUTADO estadual Francisco Julião Arruda de Paula é um teórico marxista e comunista apertado. Ele aproveitou-se do fracasso das Ligas Camponesas ideadas pelo PC e valeu-se delas para, mediante alguma assistência jurídica que deu a trabalhadores do interior, arrebanhar seu colégio eleitoral. É mau advogado e mau deputado, fazendo sempre questão de frisar ser "um agitador que proca as suas imundades parlamentares". Já quis iniciar guerrilhas no interior pernambucano e só não o fez por ter o PC ameaçado deixá-lo sozinho, caso ele se iniciasse na época imprópria. Adepto da inflexível "Linha Pequim" — de não transigência com a democracia —, Julião dispõe de armamento escondido no interior pernambucano, recomendando sempre aos camponeses "que guardem a enxada num canto e o fuzil no outro para a revolução agrária".

Pede o sangue dos "latifundiários" e ao esquece de que é um deles ("O Cruzeiro", 14-4-1962); manda invadir engenhos e foge na hora da luta, alegando que "os líderes têm de ser poupados".

Por onde passa, no estrangeiro, procura ridicularizar o Brasil e os brasileiros; ameaça com o "paredão" quem esteja contra a sua ideologia e continua mandando gente para ser treinada na Ilha de Castro, a quem foi apresentado pelo ainda candidato a Presidente da República, Sr. Jânio Quadros, começando daí uma amizade estreita com ele.



SINDICATOS Rurais da Igreja (foto embaixo) levam aos camponeses assistência sócio-médica-jurídica, num trabalho meritório que não passa despercebido aos comunistas que não se estão infiltrando para solapá-la. Um exemplo à direita: o vermelho Fernando Correia falou num comício católico repetindo chavões do PC.



Todo o Estado se ressentida falta de liberdade ideológica que a ação do PC lhe está impondo

O MOVIMENTO de Cultura Popular é o órgão que reúne do diretor, Germano Coelho, aos assistentes, o maior número de comunistas apartidários na Prefeitura. Desenvolve um sutil mas eficiente trabalho de doutrinação marxista, sob as mais variadas formas: escolas, rádio, televisão, praças de recreio etc. Distribui cartilhas de conteúdo diluído especificamente para atrair a atenção dos semi-alfabetizados e desviá-los momentaneamente para os aspectos tristes da vida do Nordeste, insuflando-os, já nas trevas da ignorância, "contra o descaço dos latifundiários e exploradores do povo". Reclama "governos nacionalistas" e procura fazer crer que sem soluções revolucionárias os problemas nordestinos não serão resolvidos. Suas ilustrações são as mais expressivas e obedecem aos mais bem aperfeiçoados métodos pedagógicos: sobre fome, seca, flagelados.

Com o teatro dirigido, autores esquerdistas procuram ironizar e ridicularizar os símbolos nacionais, as autoridades constituídas, o Clero, as nações amigas; adota repetem as mesmas falas e chavões comunistas, fazendo guerra de intimidação psicológica para que haja participação ou omissão dos inseguros da ideologia democrática. Também o MCP expõe gravuras e faz pequenos "shows" para crianças, tudo dentro da linha de doutrinação disfarçada em "cultura popular".

MAUS SACERDOTES QUEREM DESTRUIR A IGREJA

UMA das razões pelas quais o Nordeste ainda não explodiu, mesmo se situando fora a exploração comunista da miséria, é o misticismo do povo, o temor de Deus e a influência benfazeja que a Igreja tem no seio do povo. No entanto, há padres que se esforçam para derrubar a obra espiritual dos séculos, atuando como falsos missionários de uma nova era que, na opinião deles, só poderá sobreviver com a violência, quase fazendo-nos pensar que sejamos comunistas de batina, pois o proselitismo é o mesmo, as táticas de agitar e subverter idênticas. Não se pode desculpar esse proselitismo nem como forma de ganhar a confiança dos camponeses, pois isto será reconhecer aos vermelhos que eles venceram e hoje os padres se veem obrigados a usar a técnica marxista, se desejam aproximação com os homens do campo. O que, evidentemente, ainda não acontece.

Vejamos alguns exemplos: o Pe. Antônio Melo tornou-se conhecido por usar as mesmas táticas de Julião, atacando os proprietários indiscriminadamente e ameaçando que o Nordeste "se levantará em chamas porque vivemos num regime semelhante ao fascismo, onde só os ricos ficam mais ricos e os pobres mais pobres". E diz mais: "Estou convencido de que, se nada conseguirmos com meios pacíficos, não poderei conter os camponeses". Outro padre, Anísio Guerra, faz agitação em Pernambuco e diz coisas como esta: "Em Cuba é praticada a verda-

deira democracia. De lá só foram expulsos os maus padres e maus cidadãos".

Felizmente que há os Sindicatos Rurais da Igreja contrabalanzando a obra destruidora dos maus sacerdotes; há 12 deles em Pernambuco, com 30 mil associados, que estão esvaziando as Ligas Camponesas comunistas. Da mesma maneira, com igual serviço de assistência social e mais orientação ideológica, atua no Estado o Instituto Brasileiro de Ação Democrática (IBAD), que está revolucionando no bom sentido o interior pernambucano, assistindo trabalhadores sem distinção de raça, cor ou credo, e preocupando-os sobre os métodos comunistas, num trabalho gigantesco (extremamente bem visto pelo esquema de segurança policial e militar da região), sob a direção do publicitário Osório Prubioso Filho e coordenação do Advogado Herculano Carneiro.

Tanto a obra da Igreja como a do IBAD estão sofrendo tenaz campanha difamatória por parte dos vermelhos, que não estão procurando infiltrar agentes nas assessorias técnicas, para solapá-las.

INDUSTRIAS E BANQUEIROS ABREM SUAS COVAS

NO município de Arcoverde, Gregório Bezerra dirige a "frente do sertão" comunista, que conta com 500 ativistas fazendo a propaganda de Arrais e intimidando seus adversários, no que é subvencionada pela "frente da Capital", sob as ordens de David Capistrano, esta por sua vez financiada pelas "campanhas" tradicionais do PC (shows vazios, festas, exploração de pontos comerciais, dinheiro de embaixadas estrangeiras, chantagem contra empresas, venda compulsória de anúncios para o jornal "A Hora", do Recife, "caixinhas", títulos de crédito) e também por industriais como o Sr. José Ermílio de Moraes, Miguel Vitta e Artur Lima Cavalcanti e por publicitários, banqueiros e donos de engenho, que esperam alguma contempção no caso de vitória do PC.

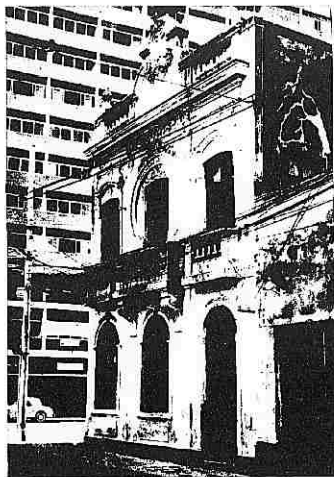
Outro fator importante da campanha política é a adesão de políticos oportunistas e revanchistas de derrotas eleitorais passadas. Etelvino Lins é um exemplo sintomático: foi derrotado em 1958 por Cid Sampaio e pelos comunistas que elegeram — mas não pelos comunistas que elegeram — o atual governador de Pernambuco. Agora quer vencer com Arrais e os antigos adversários. Fez rejeitar inicialmente a tese de candidatura partidária sob alegação única "de que o PSD não tinha condições para eleger um candidato próprio". Está empregando, por outro lado, uma linguagem de passado em fase de mudança ideológica: "Não se pode mais deter o processo revolucionário no Brasil. Os reacionários querem voltar como se lhes fosse possível ignorar a torrente que desaba sobre nós". "Eu não mudei, quem mudou foram os comunistas, que hoje coexistem pacificamente".

O CONTINUA

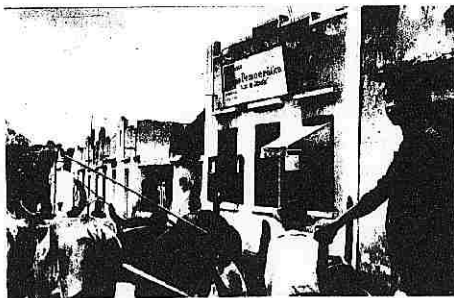




O GENERAL NILO GUERREIRO considera muito necessário um novo esquema militar.



NESTA SEDE, as Ligas de Francisco Julião agem contra os camponeses. Na de baixo, o IBAD os auxilia por meios democráticos.



**Fôrças Armadas precisam de
refôrço no Nordeste para
enfrentar a
ameaça contra o Brasil**





CARLOS PRESTES conseguiu eleger Miguel Arrais prefeito e, agora, vai tentar fazê-lo governador.

COM as perspectivas de vitória do candidato comunista ao governo do mais importante Estado do Nordeste, mais uma vez as esperanças se voltam para as Forças Armadas. Não para impedir a posse de Arrais, pois apesar das trágicas consequências dessa vitória, isto seria antidemocrático, e sim para reforçar o dispositivo de segurança militar que possa retardar pelo menos o controle da região pelos vermelhos. A necessidade de reforço das guarnições do IV Exército, do 3.º

Distrito Naval e da 2.ª Zona Aérea é imprescindível e deve entrar em primeiro plano nas cogitações dos Ministros Militares.

Para a consecução desse objetivo, básico para a segurança nacional, o General Nilo Guerreiro, comandante da 7.ª RM, sediada em Pernambuco, secundando declarações já prestadas pelo General Costa e Silva, do IV Exército, faz, pelo "O Cruzeiro", a sugestão de serem transferidas algumas unidades do

Sul para o Nordeste, evitando-se a criação de novas fontes de despesas militares e a concentração de grandes forças numa só região do País. O reforço do esquema nordestino possibilitaria, além da ação de presença, importantíssima para a contenção extrema, maior progresso para a região, desenvolvimento dos municípios onde fosse destacado e combateria o analfabetismo, além de ins-
truir os conscritos, militar e ideologicamente.

42-A



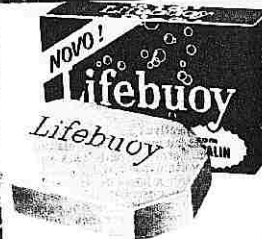


“A saúde
de minha
família
depende
de mim”

“por
isso,
escolhi
o novo
Lifebuoy

Em sua nova fórmula, Lifebuoy contém **Puralin** - o moderno agente purificador que neutraliza a ação dos germes da poeira e da transpiração que se depositam na pele. • E Lifebuoy, em linda apresentação rosa-coral, com novo e suave perfume, é ainda mais durável e consistente. • Ao pedir Lifebuoy com Puralin - para Você, para todos os seus - Você escolhe algo mais do que um bom sabonete. Lifebuoy com Puralin é um verdadeiro “seguro de saúde” para toda a família!

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O MCP E O TEATRO

O Movimento de Cultura Popular não é apenas uma forma de combate contra o feudalismo. Não é apenas um meio de educação integral do homem, como pensa e como mentes da comunidade. Não é só, tampouco, uma instituição destinada a promover a melhoria das condições materiais e do saluário econômico-social. É muito mais, é acima de tudo, instrumento de elevação do nível cultural do povo.

No domínio do teatro, para criar um público teatral mais amplo, o Movimento constituiu o primeiro teatro ao ar livre do Nordeste - o Teatro do Arrial Velho - e o primeiro teatro ambulante: o Teatro do Povo. E, promovendo, com a Prefeitura, o Festival de Teatro do Recife, que reuniu no Santa Isabel, em três dias apenas, mais de quinze mil pessoas.

Essa ambição, porém, é maior ainda. Além de Seminário de Dramaturgia e do Laboratório de interpretação, criar novos dramaturgos, formar diretores e atores, bailarinos, cantores, para o desenvolvimento da dramaturgia nacional. Para um teatro dirigido do povo, de suas classes, impetuosos, cordões, e interpretações. Teatro que retrate, que interprete, a nossa realidade social. Um teatro de valores genuinamente regionais e nacionais com a dimensão universal, que lhes atribua a sua autenticidade.

A presença de Nelson Xavier, Luis Mendonça e Déd Bourbonnais, do MCP Justitia está ambigüa.

O Teatro de Cultura Popular, um novo espaço, um novo e mais abrangente, propõe o arcejo e o trabalho do Movimento pelo teatro de povo e pela.

Além disso, no Movimento de Cultura Popular, os conselhos estão constituídos, fundamentados e os camadas populares foram lançadas e as suas causas: teatro e cultura para a emancipação do povo.

Germano Coelho
Presidente do MCP

TEATRO DE CULTURA POPULAR

1962

66 "JULGAMENTO EM NOVO SOL"

DE NELSON XAVIER - AUGUSTO BOAL - HAMILTON TRIVISAN - MODESTO CARONE
e BENEDITO ARAUJO

ELENCO

- | | | | |
|-----------------|------------------------|--|--|
| REP. DO GOVERNO | - Evandro Campelo | CRUZ | - Joacir Castro |
| JUIZ | - Edmilson Cateada | TALIANO | - Marco Porto Carreiro |
| FORPÍNIO | - Luis Mendonça | CANDIDATO | - José Wilker |
| BOQUE | - Dinardo Coutinho | PADRE | - Olegário Lira |
| ANJO | - Ivanildo Oliveira | JOÃO SOCEGO | - Vladimir Miranda |
| JABOTI | - Genaro Oliveira | JOSAPA | - Cláudio Correia |
| AURORA | - Elyane Soares | ZEPINHA | - Maria Antonia |
| LIDORO | - Mario Ferreira | MARIANO | - Delmiro Lira |
| BAIANO | - Fernando Soares | DELEGADO | - Marco Porto Carreiro |
| QUINÇÃO | - Leandro Filho | | |
| MINERVINA | - Iva Nilo | SOLDADOS | |
| DAMIÃO | - Carlos Alberto | Zacarias Filho | - Eraldo Rosa e Silva - Cláudio Cavalcanti - Paulo Rocha - (Jaguari) |
| HONÓRIO | - Delmiro Lira | LAVRADORES | |
| DITO MARIA | - Marco Porto Carreiro | Terezinha Calazana - Zolija Pereira - Ivo Loureiro Filho - Rilda Dentan - Iva Nilo - Eady Nilo - Nadja Ferreira - Genilde Vanderey - Aracelis Brito - Blak Gomes - Severino Meucenas - José Walter - Salamina Lira - Maria do Carmo - Evantina Loureiro - Lucilene Dantas - Reimira Lira | |
| NELIN | - Arlivan Almeida | | |
| MANÉCO | - José Wilker | | |
| BOLAVANÇO | - Joacir Castro | | |
| OSTILIA | - Auxany de Fraga | | |
| LOURENÇO | - Delmiro Lira | | |

Direção NELSON XAVIER
Direção musical ELZA LOUREIRO
Assistente de direção DELMIRO LIRA
Cenografia GLAUCO CAMPÉLO
Figuristas DED BOURBONNAIS
Elétricas ANIBAL MOTA E LUCIANO RUCCELLI
Direção de cena JOACIR CASTRO E MARCO PORTO CARREIRO

A PEÇA

Trata-se de uma adaptação de a... (text partially obscured)

Nesta intenção foi retratar um aspecto da vida do homem brasileiro. Não nos propomos a ser ferozes em um teatro de denúncia, mas sim a retratar.

Uma situação todos que o lavrador brasileiro enfrenta, forte movimento, o limite de sua resistência contra a miséria e a fome. Os domínios que se abrem de Favelas e dos favelados. Um teatro acontecimento, um teatro de realidade brasileira. Um teatro que retrata a vida do homem brasileiro. Um teatro que retrata a vida do homem brasileiro. Um teatro que retrata a vida do homem brasileiro.

O teatro não pode descombinar-se com tudo, não pode ser um teatro de denúncia. É um teatro de denúncia de denúncia, e expressão que se abrem "Julgamento em Novo Sol".

Para nós referenciar o risco da alienação, buscamos uma história verdadeira, ocorrida no interior de São Paulo. Organizamos, distribuímos, promovemos artisticamente e encerramos a história.

Hoje, agora, sobre do povo, para quem observamos a sua vida, da sua intervenção no teatro.

TEATRO DE CULTURA POPULAR

em 19 de Maio de 1962

TEATRO SANTA ISABEL

"JULGAMENTO EM NOVO SOL"

DE NELSON XAVIER, AUGUSTO BOAL, HAMILTON TRIVISAN, MODESTO CARONE E BENEDITO ARAUJO

Dirigido por NELSON XAVIER

TEATRO A PREÇO DE CUSTEIA

INFORMAÇÃO 0,50
CAMAROTE 1,00
PREMIER 1,50
P.L. 2,00

Compras nos Teatros de São Paulo
M.C.P. - D.C. - F.M.R.

O espetáculo de hoje será em homenagem ao 117º aniversário do Dr. Rui Barbosa

As 20 h. terá abertura um espetáculo musical

ATRAVÉS do teatro dirigido, o PC alcança todas as classes, variando os temas subversivos de acordo com a capacidade intelectual das platéias.



EM PLENO centro do Recife, David Capistrano dirige-se aos "camaradas comunistas" e explora um pão amarrado no teto do palanque (19-5-62).



passos dos democratas de Pernambuco.

mudaram: de Moscou ("Linha Branda") para Havana e Pequim ("Linha Dura"). Ambos têm o mesmo objetivo e podem agir unidos, mas sob comandos e táticas diferentes. Os ortodoxos, como Gregório Bezerra, David Capistrano, Iran Pereira, Trineu Ferreira, Luis Cláudio Braga Duarte e outros, continuam fazendo a sua doutrinação de massas, num tipo de ação que segue estritamente a norma de Kratchev sobre a "coexistência pacífica". Os marxistas-leninistas, por sua vez, tratam de conseguir inocular na população de inteligência média e superior, a que os ortodoxos não têm acesso, suas idéias, valendo-se de meios puramente intelectuais e movidos pela força que dizem encontrar na sua ideologia e não pela perspectiva de remuneração pecuniária que faz agir os partidários. (O Movimento de Cultura Popular é o 1.º caso.)

Provas do que dizemos existem à vista dos observadores mais argutos: dá-se mais ênfase, na luta comunista do Estado, à necessidade de uma reforma agrária sem concessões do que à mobilização das massas, isto é, o ponto de vista enorme superioridade do volume de material de propaganda chinesa sobre o da soviética. E Cuba entra na primeira das cogitações do vermelhismo estadual.

AGITADOR FERROVIÁRIO INTRANQUILIZA A R.F.N.

TALVEZ não exista, agora a Prefeitura do Recife, ponto de maior infiltração comunista do que na Rede Ferroviária do Nordeste. Isto devido à ação de um agitador, Luis Cláudio Braga Duarte, e à ineficiência proposta do diretor da R.F.N., Almir Braga, que é inteiramente controlado pelo primeiro. Mal sabendo assinar o nome, Cláudio Braga ocupa os cargos de presidente do Sindicato dos Ferroviários e do Conselho Sindical dos Trabalhadores, além de ser delegado do IAPFESP e membro da Assessoria Sindical da Presidência da República no Nordeste.

Ingressando na Rede como servente, e depois passando à auxiliar de agente de estação, Cláudio Braga, mercê de sua condição de comunista, chegou à presidência do Sindicato dos Ferroviários e ali permaneceu, apesar de ser funcionário público, o que contraria a legislação estatal a respeito. Articulador de greves e peça importante da agitação de rua, tem à sua disposição, na R.F.N., cerca de 100 ativistas, amedrontando e espancando ferroviários filiados ao órgão legal dos funcionários, a União dos Ferroviários do Brasil, e também fazendo a sua propaganda eleitoral (quer ser deputado) e do seu protetor no plano federal, Lamartine Távora.

O CRUZEIRO, 7-7-1964.

Nas empresas telegráficas, oficiais e particulares, que operam no Recife, estão empregados funcionários da Rede Ferroviária do Nordeste. Não se quer dizer que a maioria deles seja comunista, mas, de uma forma ou de outra, está, por ligação funcional e sindical, sob as ordens de Almir e Cláudio Braga. Dizemos isso porque não são poucas as suspeitas de quebra do sigilo telegráfico. O Sr. João Estêves, presidente local da União dos Ferroviários, não sabe explicar, por exemplo, como um telegrama que dirigira ao Rio por uma companhia estrangeira tradicional, denunciando a ação subversiva de Cláudio Braga, foi parar, somente meia hora depois, em mãos de um elemento do próprio. Talvez interesse os leitores saber que só há em Pernambuco uma companhia telegráfica que merece a confiança das pessoas não esquerdistas. E não é a tradicionalmente usada... Por aí se tem idéia de como andam as coisas naquele grande Estado nordestino.

A INSEGURANÇA DA POPULAÇÃO DEMOCRÁTICA

NOUTROS aspectos também se sente a insegurança da população democrática. Quando se quer falar algo importante não se usa o telefone comum, que está no âmbito do controle municipal, preferindo-se sempre de determinados hotéis foram ouvidos e continuam sendo nas suas comunicações telefônicas, e já constataram terem sido suas bagagens revistadas. Diversos líderes de partidos democráticos evitam colocar cartas no Correo, assim como só conversam livremente quando não vêem ninguém por perto. Fode parecer brincadeira o que dizemos. Mas não é. Chegue-se ao Recife e em pouco tempo se ficará sabendo disso e de muito mais: há jogo de "dupla" nos coletivos (um agente ataca fracamente o comunismo e outro o defende com entusiasmo); os passageiros são obrigados a ouvir os chavões marxistas sem poder contestar; não há mais, na capital, grande número de pessoas que saiba olhar de frente e encarar o interlocutor; o olhar evitado é a regra, olhar de suspeição, um; olhar de remorso pela inação diante do comunismo, outro. Na Assembleia Estadual, na Câmara de Vereadores, na Universidade, há grande fração comunista declarada e mais 2/3 de inocentes-típicos, oportunistas e intimidados. No panorama sindical, 95% estão minados, na base, pelos vermelhos. Estes controlam o planejamento e a eclosão grevista.

Nos institutos de previdência, a situação não é mais animadora: os delegados do Instituto dos Bancários, Epitácio Pessoa e Gil de Guerra, e do Instituto dos Industriários são esquerdistas assim como o delegado do Trabalho, Enock Mendes Saraiva.

Quanto aos órgãos de opinião, pode-se dizer que para ser publicado um artigo anti-comunista na imprensa pernambucana é necessário uma vigilância severa por parte do interessado, pois, se assim não o fizer, terá a matéria truncada, palavras e nomes substituídos ou trocados. O presidente do Sindicato dos Jornalistas, Aluisio Faicão, é militante vermelho e a ele se deve a eficiente propaganda da "administração" Arrais. No meio universitário, o comitê é formado por cinco jovens, Osvaldo, Moacir, Mário, Alexandre e Terezinha, e está ligado diretamente ao PC estadual, através do motorista Euráasio, com ponto de táxi na Praça do Chacara Menino (Chevrolet 1940, placa 10624-PE).

MIGUEL ARRAYS NÃO CUMPRIU A PROMESSA

MIGUEL Arrais de Alencar saiu do Crato, no Ceará, para o Recife, em 1933. Há quem afirme tê-lo visto, na intenção de 1935, levar munição para os comunistas que lutavam no Largo da Paz da capital pernambucana, auxiliando Alcego Coutinho. Desconhecido como da "Linha Justa" nos basquederos, a ponto de ter sido obrigado a assinar perante as Classes Produtoras uma declaração de que não era comunista, quando candidato a prefeito. Não cumpriu a promessa: nomeou e aita cúpula do PC para a Prefeitura e instalou ali a mais perfeita e azelada máquina vermelha do País.

Arrais quer-se eleger agora governador com a pretensão de ter sido um grande prefeito. Efectivamente que o foi para seus amigos marxistas. Não para a população pobre da cidade, pois só conta realizações a favor dos "burgueses". Para planejar o "desenvolvimento" reificense contratou uma firma que tem os "técnicos" Diógenes de Arruda Câmara, Orlando Valverde e Antônio Balkar. Para a pavimentação da cidade fez utilizar asfalto inferior, que está sempre se desmontando. "Instalou" o serviço de ônibus elétricos já deixado pelo antecessor e conserva, apesar da luz da CHESP, boa parte do Recife às escuras.

A demissão do antigo diretor da Companhia de Transportes Urbanos (CTU) é mais uma prova de como o PC controla a Prefeitura de Arrais. No começo deste ano, a "organização de base" do PC na Empresa decidiu "queimar" o diretor, General Viriato de Medeiros, e para isto recolheu uma manifestação do pessoal do CTU, reuniu os comitês municipal e estadual do partido para livrar Arrais de qualquer sinal de interferência na demissão do General, ameaçou greve (assim o Prefeito teria a saída para demitir o diretor), fez funcionar tudo cronometricamente, e o homem saiu sob alegação de que era contrário ao aumento dos salários dos empregados. E o mais ridículo de tudo é que até hoje, apesar de o novo diretor ser "amigo", o aumento não saiu: mas nem por isso alguém reclamou.

Pode ser interessante saber-se que o diretor do Departamento de Rendas da Prefeitura é o "camarada" Iran Pereira, que, por sinal, é também encarregado da seção financeira do Comitê Estadual do partido. O diretor da Companhia de Abastecimento do Recife (compare) é outro "camarada": Ivan Carneiro Valença, que está em má situação por ser o órgão que dirige "o ponto mais fraco das responsabilidades do Partido Comunista nas metas da Prefeitura do Recife".

CONTINUA



| | |
|-----------|-----------|
| flagelado | progresso |
| flagelado | progresso |

— O progresso já chegou no campo?
 — Não, e esta é a causa da fuga do camponês.
 Por causa disto éle deixa de ser um camponês e se torna um flagelado.
 O flagelado é o camponês desamparado.
 Com soluções justas para o campo não haverá mais flagelados.

Um governo nacionalista leva o progresso ao campo.

| | |
|-----------|-----|
| flagelado | fla |
| fla | fla |

| | | | | |
|---------|--------|----------|------|---------|
| fla | fla | fla | fla | fla |
| flagelo | flecha | aflicção | flor | fluvial |

— Onde há floresta existe o flagelo da seca?
 — Não. Existe seca no sertão.
 Você já viu a aflicção do homem, vivendo onde não há floresta?



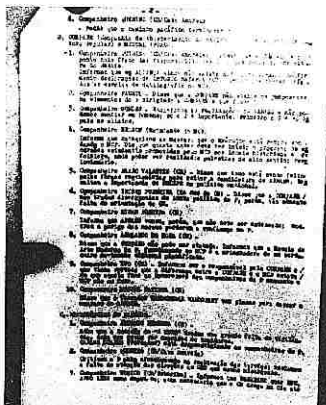
Comunistas estão infiltrados nos serviços públicos e particulares, vigiando todos os

O FRACASSO de 1935 ensinou os comunistas pernambucanos a não mais tentar luta em campo aberto contra o regime, enquanto não se sentissem seguros da vitória. Voltaram às táticas de infiltração nos meios sindical e estudantil e iniciaram uma ofensiva para conquistar a aliança operário-camponesa. Durante a legalidade do PC, e até dez anos depois, conservaram suas posições nos setores de classe, vendo-as, todavia, desbaratadas antes de 1958 pela repressão policial. No período posterior a essa "débacle", vários intelectuais e centenas de simpatizantes de que dispunha o Partido no jornalismo, nas classes liberais e nas universidades, afastaram-se, por duas razões: estava no auge o expurgo conhecido por "desesalinização", o que desagradava à sua rigidez marxista-leninista, e também atingia um ponto considerado por eles insuportável, o despotismo da cúpula estadual do comunismo, orientado no sentido de desprestigiá-los perante os militantes menos cultos.

Na sua expressão partidária, o comunismo pernambucano está em fase de recesso. No entanto, nunca foi tão ativa a difusão das idéias vermelhas e nunca esteve tão próximo o momento de elas serem oficializadas no Estado, sem necessidade inicial de implantação pela força. A que se deve esse paradoxo? Deve-se quase que exclusivamente aos intelectuais que se afastaram da organização partidária ortodoxa. Até pouco antes de 1960, viviam afastados entre si, desenvolvendo um proselitismo restrito, sem grandes ambições ou coordenação, através dos jornais, das cátedras e dos setores de trabalho. Sua situação, como ocorreu em outros países, chegou ao conhecimento da China Vermelha, via Cuba. Os convites para "visitas culturais" choveram. A volta à inflexibilidade marxista motivou os intelectuais e ampliou a sua ação, deixando de lado o comunismo partidário, apegado aos métodos de infiltração tradicionais. Difundindo as idéias marxistas com mais inteligência e apresentando-as sob aparências mais sugestivas, procurando integrá-las nas reivindicações de uma região supersubdesenvolvida, eles estão levando Pernambuco a um colapso democrático.

A PREFEITURA DO RECIFE É A MAIS BEM AZEITADA MÁQUINA VERMELHA

O "Movimento de Cultura Popular", autêntico instrumento marxista, exerce sua ação em escolas, no rádio e na televisão. Suas cartilhas de "alfabetização" tresandam motivação ideológica e doutrina nas entrelinhas (acima). A direita, e embaixo, documentos comunistas, vendo-se referências a Arrais, ao MCP e à COMPARE, esta última citada como "o ponto mais fraco do Partido nas metas da Prefeitura do Recife".



ATIVIDADES DO PARTIDO COMUNISTA DO PERNAMBUCO
 Município de Pernambuco

Assunto: Conferência do Comitê Distrital do Porto.
Data: 25 de março de 1962.
Local: Município, aliás, Distrito de Camaragibe.
Comparticipação: 19 delegados eleitos
 16 militantes convidados, sem direito a voz e a voto
 37 total.
Assistente: Cédre Gomes do Nascimento, Representante do Comitê Municipal do Recife.

RESOLUÇÃO

No final da conferência foram aprovadas as seguintes resoluções:

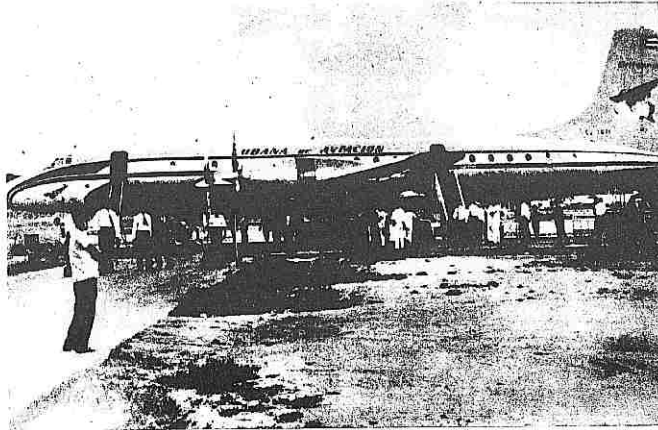
- 1a.) apoiar todos os candidatos apresentados pela partido;
- 2a.) Intensificar, imediatamente, a campanha eleitoral pré-candidaturas MIGUEL ARRAIS, para Governador, e Cleone Targino Santos, para deputado estadual;
- 3a.) Liquidação dos débitos dos estudantes NOVOS RUMOS E RORAY;
- 4a.) Campanha de recrutamento na base de 50%, atendendo o plano de contratação;
- 5a.) Criação do Círculo de Estudos do CD do Porto;
- 6a.) Criar condições para a manutenção de um funcionário do CD;
- 7a.) Realização da expulsão pelo CD do Porto dos seguintes elementos: Miguel Arrais de Santana, Francisco Clemente da Silva e Edgar Leites.

ABEM EM PERNAMBUCO DOIS TIPOS DE COMUNISTAS

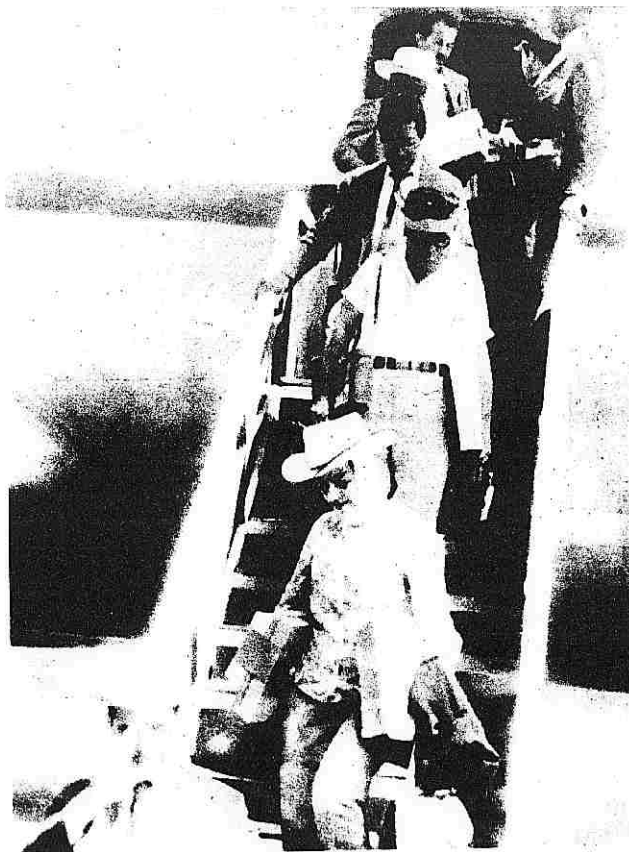
NAO se queira enxergar nessa ação uma tática divisionista do PC ortodoxo: os comunistas da velha-guarda ficaram, no primeiro momento, tão confusos quanto os observadores sobre a origem do movimento apartidário. Não se trata, por outro lado, de uma espécie de "titolismo" ou comunismo brasileiro: é um movimento tão internacional quanto o outro, só que as vinculações



O APROVEITADOR das Ligas Camponesas utiliza aviões de Fidel para levar inocentes-úteis e treiná-los em Havana. A direita, embaixo, a mulher de Julião e líderes sindicais desembarcando dum dessas viagens. A esquerda, a mãe de "Che" Guevara em Recife, ladeada por Arrais e Julião e, atrás, de óculos, Iran Pereira, do Comitê Estadual do PC.



O CRUZERO, 7-1-1962



No Nordeste, em Pernambuco, particularmente, a miséria secular e a falta de assistência planificada estão contribuindo para que as idéias extremistas se espalhem com a força de um furacão. O nordestino faminto — principalmente a infância e a juventude —, sem água, instrução ou saúde é presa fácil para a arregimentação vermelha, que se faz sob as complacentes vistas oficiais. O grito de alerta ao País, para a "cabeça de ponte" comunista instalada naquela região, é o serviço que "O Cruzeiro" presta com estas reportagens.

NORDESTE

VERMELHO

A responsabilidade da SUDENE de Celso Furtado na infiltração comunista do Nordeste é maior do que se pensa. Talvez por sua formação ideológica (ele faz questão de frisar ser esquerdista), o Sr. Furtado quer a toda força industrializar o Nordeste — o que é louvável —, mas sem cuidar da infra-estrutura — o que é perigoso. O certo é que, financiando indústrias de salvação, como a de cerveja, fazendo estradas passar por dentro de cidades e apadrinhando interesses eleitorais, descuida-se a SUDENE das sécas, do homem como ser humano e não simples número estatístico, da água e da subsistência de 20 milhões de pessoas que, sem mais esperança, voltam-se ansiosas para o abismo comunista, enganam-se com as idéias revolucionárias e querem conseguir pela força o que a "democracia" de Celso Furtado não lhes dá.

GLAUCO CARNEIRO
DENUNCIA
A TRAMA COMUNISTA





CELSO FURTADO — "Muita gente, aqui e fora do Brasil, me tem perguntado por que há tanta penetração do marxismo na atual juventude brasileira. A razão é simples: o marxismo, em qualquer de suas variantes, permite traduzir o diagnóstico da realidade social em normas de ação. Devemos abordar esse assunto com absoluta franqueza, se pretendemos manter um diálogo eficaz com a juventude idealista e atuante desta época. Que vem a ser o marxismo de grande parte de nossa juventude? Podemos enfiá-lo em algumas atitudes: a) o reconhecimento de que a ordem social que aí está se baseia, em boa medida, na exploração do homem pelo homem, fundando o bem-estar de uma classe, que abriga parasitas e ociosos, na miséria da grande maioria; b) o reconhecimento de que a realidade social é histórica, portanto em permanente mutação, devendo a ordem presente ser superada; c) o reconhecimento de que é possível identificar os fatores estratégicos que atuam no processo social, o que abre a porta à política consciente de reconstrução social."

"Que viabilidade tem a revolução brasileira de efetivar-se pelos métodos marxistas-leninistas? Creio que existem duas possibilidades de que isso ocorra. A primeira está ligada ao problema agrário. Na medida em que este se conserve com a rigidez atual, todo movimento reivindicatório que surja no campo tenderá a assimilar rapidamente técnicas revolucionárias do tipo marxista-leninista. A segunda possibilidade está ligada a um retrocesso político-social. Observamos que esse tipo de revolução é pouco viável em uma sociedade aberta, a menos que seja imposta de fora para dentro, como ocorreu em alguns países da Europa Central. Contudo, não se exclui a possibilidade de um retrocesso em nossa organização político-social. A imposição de uma ditadura de direita, tornando rígida toda a estrutura político-social, criaria condições propícias a uma efetiva arregimentação revolucionária do tipo marxista-leninista. Ainda neste caso, o mais provável é que o setor revolucionário agrário tendesse a predominar. A substituição de uma ditadura por outra seria, entretanto, muito mais fácil do que a imposição de uma ditadura ao setor social urbano, que já desfrutava de formas de organização político-social superiores. Sem as condições objetivas determinadas por um retrocesso político-social no Brasil, a única possibilidade de revolução do tipo marxista-leninista decorre da persistência da estrutura agrária anacrônica, não se devendo esquecer que mais da metade da população do nosso País está diretamente ligada ao setor agrário."

(TRECHOS DO ENSAIO DE CELSO FURTADO, "REFLEXÕES SOBRE A PRÉ-REVOLUÇÃO BRASILEIRA", SÃO IDEIAS QUE CELSO FURTADO TOU AO CATECISMO VERMELHO.)





FOME NÃO CONTA PARA O MARXISTA CELSO

A RESPEITO de Celso Furtado, além de suas repetidas autoconfissões marxistas, há vários fatos que merecem ser recordados: de 1945 a 1947, quando o Partido Comunista esteve na legalidade, o atual superintendente da SUDENE era por todos conhecido como militante vermelho. Ainda em 1947 compareceu à União Soviética e presenciou a fundação do organismo comunista internacional, o Cominform. Em 1949 assistiu a um congresso comunista na Cidade do México e, em 1952, a outro, em Praga, Tchecoslováquia. O Sr. Furtado, quando se "defendeu" dessas vinculações, o fez em tom vago: disse que jamais representara partido algum. Mas não disse que estivera ausente dessas reuniões, o que vale dizer: Celso representou a Furtado. E, por outro lado, quando alguém que nenhum comunista confesso poderia continuar à testa da SUDENE, disse a verdade. Ninguém afirma que ele é um comunista confesso. Porque o marxista-leninista não se diz comunista e muito menos confesso. De qualquer maneira, pode-se confiar num homem que prevê revolução marxista-leninista se o panorama agrário não mudar incontinenti ou se houver golpe não esquerdista?



CELSO FURTADO sempre se manifestou de formação esquerdista. As idéias que expôs no seu ensaio "Reflexões Sobre a Pré-Revolução Brasileira" identificam-no como instrumento do PC na administração federal.

CONTINUA



SEM querer discutir as implicações que o fizeram ascender à Superintendência da SUDENE, Celso Furtado pode vangloriar-se de ser um dos homens inamovíveis desta República: é sarrateira e engenhosa a força que sustenta esse parabalano de Pombal, marxista de ideologia e formação, no leme do órgão que poderia representar, se bom utilizado, a permanência do Nordeste na Federação, com seus problemas resolvidos e livre da infiltração comunista que hoje encontra campo aberto à sua obra desagregadora.

De certa maneira, a confiança que se depositou em Celso Furtado, sem investigar-se o seu passado e suas ligações, foi a mesma que nos fez tapar os olhos, quando, em 1958, a "indústria da seca" explorava a miséria e, por força da revolta que aquilo nos causava se criou a Superintendência do Desenvolvimento do Nordeste, passando por cima, na sua formulação de "superministério", do regime federativo e quebrando a soberania dos Estados nordestinos, como bem frisou o Governador Cid Sampaio a "O Cruzeiro": "A centralização na SUDENE de todas as atividades pertinentes aos Estados e aos órgãos federais de execução desfigura o regime democrático e federativo brasileiro".

Nunca um otimismo tão avassalador invadiu o Brasil como quando da criação da SUDENE. O Governo Federal estava alegre por se ter livrado de uma fonte constante de problemas; os governos estaduais, na euforia da concretização de um sonho, esqueceram-se da formulação ilegal do órgão; o povo nordestino mostrou-se contente porque, afinal, vira seu drama compreendido. E todos esperaram que a SUDENE andasse. O Sr. Celso Furtado começou a planejar, a planejar, a planejar. E o povo do Nordeste apertou um pouco mais o cinto e esperou. Nada viu de positivo, senão entrevistas do Sr. Furtado e seus técnicos sobre a situação dramática da região. No que não disseram nada de novo. Quando foi aprovado o Plano-Diretor, um suspiro de alívio escapou: — "Agora a coisa vai". Mas, decorridos meses, a coisa não foi. Pelo menos, no que se refere ao problema básico do Nordeste: seca e abastecimento. Quando agiu, foi para informar falsamente ao Conselho de Ministros sobre a ocorrência de chuvas na região e tranquilizá-lo sobre as medidas que "estava" tomando. No entanto, os técnicos planejadores da SUDENE desconheciam o que todo homem do Nordeste sabe: que Deus fez a seca sempre seguir-se de um Estado a outro, ou melhor

dizendo, a chuva que caía num Estado sempre ia compensar a seca de outro vizinho. Não houve até hoje unanimidade de estado de seca no Nordeste inteiro. Mas, neste ano, não choveu na região do Irerê, na Bahia, de onde saíram o feijão e o milho para Pernambuco, Paraíba e Rio Grande do Norte secos. A SUDENE não viu isso e a desorganização se impôs: os Estados foram obrigados a mandar buscar gêneros até no Sul do País, com suas míseras verbas, enquanto o "staff" Furtado começava do ponto zero: para abastecer a região, o Governo Federal se viu compelido a entregar ao Ministério da Agricultura a execução do Plano de Emergência.

Quer isso dizer que todo o trabalho de criação da SUDENE está perdido. Foi o órgão sediado no Nordeste para que pudesse resolver o problema no local. No entanto, com a primeira seca, de pequenas proporções, o Governo Federal viu-se obrigado a confiar a cúpula de outro organismo federal — no caso, o Ministério da

Agricultura — a solução do problema do abastecimento. As pressas Brasília socorre o Nordeste, onde está o superministério SUDENE. E mais: declarou o Ministro Armando Monteiro Filho que somente depois do seu Ministério agir é que a SUDENE passou a dar sua contribuição ao Plano de Emergência. E ainda: foi requisitado ao Exército o Coronel Roberto Pessoa, conhecido por sua honestidade e competência, para superintender a distribuição de verbas desse Plano. A dupla conclusão que se tira: o Governo está convicto de que não pode, material e moralmente, confiar na SUDENE.

Tudo o Nordeste foi burlado. Vê-se, por essas providências federais, pela imprensa pública que o Conselho de Ministros fez à SUDENE, que ela não tem sido a "salvação" prometida nem o instrumento moralizador de distribuição de verbas. Apenas mais um entrave burocrático, tão feito de confiança quanto o eram antes de sua criação, os órgãos federais específicos de combate ao flagelo das secas.

CELSO FURTADO EMPREOU NA SUDENE A FINA-FLOR DO ESQUERDISMO ATUANTE NO NORDESTE

O MEIO universitário pernambucano sempre foi conhecido, no Brasil, pelo vigor com que lutava em defesa de suas causas. Antigamente a maioria desses estudantes não se deixava influir por outras ideologias senão as que almejavam defender a liberdade. Mas um dia tudo mudou. Os que eram a minoria são agora a maioria. Infiltrados nos seus diretórios, nas salas de aula, recebendo auxílio de fontes suspeitas e nada vendo de concreto que pudesse fazê-los crentes de que realmente o Governo Federal se interessava pelo sofrido Nordeste, os estudantes mudaram. Hoje as lutas são outras: de revolução, e revolução sangrenta. Nem mesmo a liberdade é tão considerada. E Celso Furtado os leva a pensar assim, quando envenena seus jovens leitores: "Se chegássemos a admitir, como base válida, que o desenvolvimento econômico dos países socialistas foi a contrapartida do cercamento das liberdades civis, deveríamos aceitar também como verdadeiro o corolário de que o preço da liberdade que fruimos é o retardamento do desenvolvimento econômico geral". ("Reflexões Sobre a Pré-Revolução Brasileira.")

No Nordeste de antigamente, as mães batiam na cabeça dos filhos e diziam: "Estude, meu filho, e depois vá ganhar dinheiro no Sul". Hoje, a frase é outra: "Seja marxista, meu filho, e depois vá ganhar dinheiro na SUDENE".

Os universitários, de modo particular, que se destacam por suas idéias "avanzadas" e os que agitam nos diretórios, já têm emprego garantido na SUDENE. O caso do estudante Carlyle, alts médico, formado no ano passado, é sintomático. fez talvez o discurso mais subversivo já ouvido em Pernambuco. No dia seguinte, foi arrebanhado pela SUDENE. O de Roberto Chabo também. Pertencente à União da Juventude Comunista e considerado o mais violento dos universitários pernambucanos. Irritado por não terem os estudantes locais provocado choques sangrentos com o Exército e a Polícia, teve um desabafo: "Este não é mais o Leão do Norte e sim a Vaca do Norte. Até há pouco tempo esteve a serviço da SUDENE em Campina Grande, na Paraíba.

Preocupado pelos rumores crescentes de admissão de comunistas na SUDENE, o Governo de Pernambuco solicitou, du-

rante meses seguidos, a relação de funcionários do órgão, para que fossem investigadas as suas origens. O Sr. Celso Furtado opôs-se violentamente ao pedido, alegando, diversas vezes, sem que ninguém lhe dissesse a intenção do Governo, "que não poderia trabalhar num regime policial". Quando, por instância superior, se obteve a relação do pessoal admitido até 31 de dezembro, viu-se o que Furtado quisera ocultar.

Essa relação de funcionários da SUDENE de estreita vinculação com o comunismo:

1 — Amadeu Ramos Freire, engenheiro do Departamento de Atividades Econômicas Básicas (desde 1948 está relacionado como membro do PC);

2 — David Klotter, engenheiro, chefe da Divisão de Hidrologia (vinculação desde 1937);

3 — Maria Cealtes Barreto Novais, técnica em Desenvolvimento Econômico, trabalha no Departamento de Política Agrícola e Agrária (Advogada, secretária de Francisco Julião e integrante da Assessoria Jurídica das Ligas Camponesas);

4 — Antônio Avertano Barreto da Rocha, calculista do DAFT, líder comunista e infiltrador estudantil;

5 — Gersa Manuel, técnica em Desenvolvimento Econômico, do Departamento de Estudos Especiais. Com seu marido, também comunista, Geraldo Manuel, foi à URSS levar o "Coral Bach" de Recife e apresentou-o no Festival da Juventude;

6 — Manoel Pereira da Silva, engenheiro, trabalha na Divisão de Hidrologia;

7 — Rildo Souto Mator, advogado, jornalista e ex-dirigente do PC pernambucano.

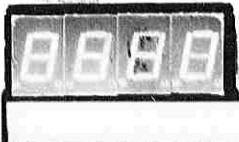
Esses os nomes de outros esquerdistas ou filocomunistas da SUDENE e simpatizantes conhecidos;

a) Estevam Strauss, agrônomo, chefe do Grupo de Irrigação do São Francisco;

b) Cláudia Vasconcelos Brasileiro, técnica em Desenvolvimento Econômico, tra-

O CRUZEIRO, 30 - 6 - 1962

**INTERESSE
DOS VERMELHOS
DA SUDENE: NÃO
TRABALHAR CONTRA A
MISÉRIA.**



balha no Departamento de Assistência Técnica e Formação do Pessoal;

c) Rui Nóbrega, engenheiro, da Divisão de Hidrologia;

d) José Bolsy Tenório de Melo, engenheiro, chefe do Escritório da Bahia;

e) Jader Figueiredo de Andrade e Silva, economista, diretor do Departamento de Pesquisas de Recursos Naturais;

f) Austragésio Gomes Espindola, engenheiro do DFEN;

g) Francisco Vasconcelos, chefe do Departamento de Abastecimento;

h) Flínio Monteiro Soares e Rosa Maria Costa Salas de Melo, técnicos em Desenvolvimento Econômico;

i) Gilberto Afrânio de Almeida, químico; Marcos Correia Lins, líder estudantil;

j) Nilton Santos, advogado, chefe do Departamento de Assistência Técnica e Formação do Pessoal.

Lida a relação dos "cabecas" e fazendo força para ignorar as "organizações de base", que certamente existem no seio da SUDENE, ocorre-nos uma pergunta: a mesma que hoje todo o Nordeste faz: estará esse pessoal trabalhando mesmo para que a SUDENE domine o subdesenvolvimento nordestino? Interessa-lhes que a fome seja social? Interessa-lhes que a fome seja social? Interessa-lhes que a fome seja social? De duas uma: ou já se desligaram inteiramente do comunismo ou então fazem jogo duplo, ocupando funções-chaves e não deixando de funcionar para que outros não as ocupem e façam.

O que dizer, por exemplo, de advogados como Maria Cecília Barreto Novais, empregados como técnicos em desenvolvimento econômico? Não pressupõe essa função um preparo técnico, anos de estudos intensivos, que em absoluto não é ministrado em faculdades de ensino jurídico? E por que não se sabe também quantos e quais são os médicos da SUDENE, a sua procedência, a fé de ofício? Por outro lado, os numerosos técnicos estrangeiros

são de reputação ideológica suficientemente libada para ocuparem cargos de tanta responsabilidade na SUDENE?

O superintendente da SUDENE quando indagado sobre esse pessoal suspeito, disse enfaticamente, com a arrogância "técnica" já conhecida por todos que dele se aproximam: "Não cuido de ideologias e sim de capacidade de trabalho".

Estamos convencidos de que a máquina da SUDENE está montada de tal maneira que, se não houver um expurgo de base, de nada adiantará a demissão de Sr. Furtado. Seus amigos ficam.

Ao receber, no dia 15 de março do corrente, a visita do Sr. Arnaldo de Alencar Lima, diretor do INES e promotor em São Paulo do II Ciclo de Estudos sobre a Integração do Nordeste, o Sr. Celso Furtado afirmou-lhe: "A SUDENE vem recebendo com regularidade as verbas federais para aplicação, segundo os planos aprovados pelo Legislativo".

Isto quer dizer que não se justifica a grita de que a SUDENE não pode trabalhar por falta de recursos. Além disso, os fundos da "Aliança Para o Progresso" estão na boca, já se encontrando em Recife o representante da AID e antigo aplicador do Plano Marshall para a Itália, Bruno Luzatto, que, em declarações a "O Cruzeiro", disse: "O Escritório para o Nordeste da Agência dos Estados Unidos para o Desenvolvimento Internacional está colaborando atualmente com a SUDENE nos setores de abastecimento, de água e eletrificação das pequenas comunidades, e no melhoramento do sistema rodoviário".

Também o programa "Alimentos Para a Paz" está auxiliando de maneira consistente o Nordeste. Como se vê, a SUDENE recebe auxílios de todas as partes, e agora mesmo a Alemanha Ocidental dará o seu. O que falta, senão disposição, para que as obras de infra-estrutura sejam atacadas com a urgência que os nordestinos esperam? A SUDENE terá de convênios com a Alemanha Ocidental para um Nordeste de que não basta visar a um Nordeste promissor no futuro: há que fazê-lo, com medidas de emergência substanciais, em um programa de assistência geral, agüentar até esse imponderável futuro.

COM SEU PLANEJAMENTO ANÁRQUICO, A SUDENE NÃO DUVE NEM SENTE A MISÉRIA DO NORDESTE.

COM o passar do tempo se constata que apenas foi criado no Nordeste mais um organismo ineficaz e teórico, embora a Nação tenha atribuído à SUDENE a função de redimir o Nordeste, erradicando, para sempre, os efeitos da irregularidade climática que envolve, periodicamente, os Estados do Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco, Alagoas, Sergipe e parte da Bahia. A seca era e é o grande problema, a questão básica de 20 milhões de brasileiros, o problema do homem, o problema social, de que depende tudo o mais. A SUDENE não entendeu assim e organizou um vasto e louvável plano desenvolvimentista, mas apenas apoiado no tripé: pavimentação, eletrificação, expansão industrial. Não contém, senão num esboço de emergência, nada com respeito à irrigação, à perfuração de poços tubulares, à construção das indispensáveis barragens. Em suma, a SUDENE planejou em função de condições que estão longe de existir no Nordeste. E Celso Furtado resumiu constantemente, como se para isto não tivesse sido colocado ali,

que "no Nordeste falta tudo". Disso todos sabem. Mas apenas industrializar sem amparar a agricultura é crime. Apenas querer industrializar o litoral é desejar o êxodo dos camponeses para as cidades e o consequente afavelamento destes, constituindo mais um fator de subversão social. Apenas erigir fábricas sem atender para que o trabalhador, tenha, pela barra, também o crime, não diz, o incurável econômico: "Daqui a dez anos o Nordeste sairá do seu subdesenvolvimento". Nós duvidamos muito de que, sem cuidar das secas, do abastecimento, da agricultura, a SUDENE possa presenciar esse progresso. O Nordeste estourará até lá.

"Não compreendo como se possa, em função da pouca eficiência resultante da escassez de verbas, na hora em que estas verbas podem estar disponíveis, excluir os organismos existentes para criar um novo, também executor, e que, além do indispensável a qualquer órgão de administração brasileira." A estranheza do

Governador Cid Sampaio expressa a do Nordeste, por ver que a ação da SUDENE, quando não é planejar (a ponto de se dizer que a última fase de seus planejamentos é enroscá-los e comar de novo), se volta exclusivamente para providências inúteis à região que poderia servir. Vamos dar exemplos significativos.

A SUDENE parece fazer parte da fabulosa máquina vermelha que pretende eleger o Sr. Miguel Arrais para o governo de Pernambuco. O governo do Sr. Cid Sampaio enviou ao órgão de Sr. Furtado um completo projeto para que a SUDENE financiasse a construção de charvazes nos morros de Recife (o sistema adutor de água é estadual). Por passe de mágica, que em Pernambuco se sabe qual foi, o Prefeito Arrais enviou num simples ofício a mesma solicitação. Resultado: com apenas uma semana, 20 milhões foram para a Prefeitura do Recife, enquanto o projeto estadual está arquivado numa das montanhas estantes de guardar projetos, da SUDENE. O cômico da história é que a Prefeitura apressou-se em construir os charvazes. Mas não tinha a água. Então Arrais acusou o governo de "estar sabotando o interesse do povo". O Secretário de Viação teve que mandar ligar, mais do que depressa, o sistema adutor aos charvazes de interesse eleitoral do Prefeito...

Outro exemplo: o DNER, antes de integrar-se no esquema de organização da SUDENE, sempre teve por norma evitar que suas estradas passassem por dentro das cidades, a fim de que não servissem como fatões de propaganda dos políticos. No entanto, agora, acaba de destinar 90 milhões de sua verba específica (a própria SUDENE deu mais 60 milhões) para "vias de acesso ao porto do Recife". Vias de acesso que já existem (Avenidas Sul e Norte, que servem de desembarcadouro das estradas BR-26 — "estrada do arrotão" — e BR-11 — "estrada do litoral"), belas avenidas que impressionarão, decretadas, os adeptos da administração Arrais e arrancarão muitos votos a 7 de outubro próximo.

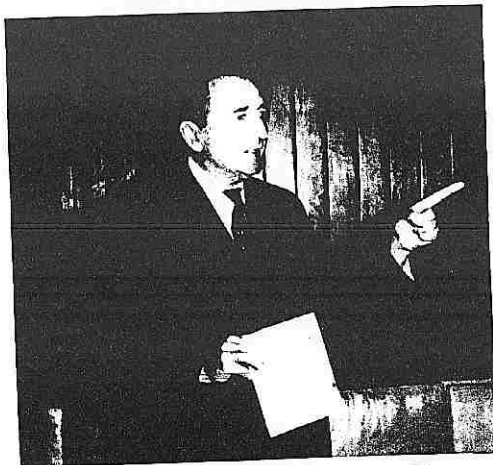
Outro fato se refere ao financiamento da invasão que camponeses fizeram às terras da Rede Ferroviária do Nordeste. Alegou a SUDENE que era "para auxiliar a miséria". Mas não se interessou em planejar os ótimos projetos de colonização, com sentido lógico de fixação do homem à terra, que a Companhia de Revenda e Colonização (CRC — autarquia estadual) apresentou-lhe. Na Paraíba, segundo depoimento de parlamentares, a SUDENE só tem agido contra o interesse da população: quer acabar com o porto de Cabedelo, não mata a sede de Cajazeiras, não constrói barragens para os municípios secos de São Vicente e Pedra Lavrada, pretende extinguir a imprescindível ferrovia Alagoas Grande — Camazara (coração do brejo paraibano) e a Bananeiras — João Pessoa. De outras realidades da SUDENE, há a mencionar o "aprovo" aos planos rodoviários e de eletrificação (que já existiam) do DNER e CHESF. O Governador Aluísio Alves criticou recentemente a SUDENE pela falta de coordenação que insiste em manter com os governos estaduais, cujos representantes são obrigados a ouvir e assinar, em 5 minutos, planos elaborados pelo "staff" Furtado em meses, sem saber, tal a complexidade "técnica", o que ouvem ou o que estão assinando. Na elaboração do Plano de Emergência da atual seca, a SUDENE incluiu a abertura de uma frente de trabalho para a construção da estrada Pesqueira — Venturosa (concluída há tempo). Nessa frente de trabalho, os operários estão sendo pagos com 2/3 de alimentos, ou seja, no mesmo regime de "barracão" da fimegrada "indústria da seca".

O único tempo de verbo da SUDENE é o futuro: para fazer ou deixar de fazer. É a triste verdade.



NINGUÉM OUSA TOCAR NA POTÊNCIA QUE É A SUDENE

O PARTIDO COMUNISTA ORDENOU E A SOCIEDADE INFLUENCIADA PELOS VERMELHOS ATACOU, SEM



DIZ Argemiro Figueiredo: "É preciso tranquilizar o Nordeste e mudar o rumo subversivo da SUDENE".

O CASO do Senador Argemiro Figueiredo, representante da Paraíba no Congresso, é um exemplo elucidativo de como o Sr. Celso Furtado tem o apoio do Partido Comunista Brasileiro e, mais particularmente, do extremismo estudantil. Sendo discutido no Senado o Plano-Diretor da SUDENE, o Senador estranhou que nele não houvesse nenhuma disposição relativa ao combate específico às secas. Apresentou então duas emendas, uma relativa à obrigação da SUDENE em destinar verbas para a irrigação e abertura de poços tubulares, outra deixando com o DNOCS a execução (fiscalizada pela SUDENE) de obras e serviços de sua especialização técnica. Por causa dos "crimes" acima levantou-se a máquina vermelha. Acusou o Senador de protetor da "indústria da seca", e ninguém ouviu sua resposta de que essa "indústria" só poderia continuar com a conivência da própria SUDENE, pois a ela caberia fiscalizar a execução de obras do DNOCS. Aparentaram-no como "um inimigo da industrialização", porque ele achava e continua a achar que de nada adianta industrialização, eletrificação, pavimentação, se o problema social de milhões de nordestinos não é resolvido. Ninguém o ouviu, e as manifestações, que foram dirigidas contra o "Traidor Argemiro", sacudiram principalmente o Nordeste. E é ainda o Sen. Argemiro quem adverte: "Ninguém pode denunciar os criminosos da SUDENE que abandonam os camponeses. Ninguém pode chegar àquele órgão para mudar o sentido subversivo de seus rumos. Nem os parlamentares nordestinos podem discutir o problema. Eu, por fazê-lo, fui "enterrado" pelos comunistas do Recife. A Nação precisa tranquilizar-se, ou será apunhalada pelo calabar Celso Furtado".



SABER POR QUE, O HOMEM QUE COMETERA O CRIME DE EXIGIR QUE A SUDENE DESSE ÁGUA E ALIMENTO AOS NORDESTINOS FAMINTOS.





BOTAFOGO VENCE 1.ª REGATA DE BRASÍLIA

Remadores do Botafogo, Flamengo, S. Cristóvão e Icarai (este do E. do Rio de Janeiro), disputaram em marinha fria, em Brasília, nas águas do lago artificial criado por Niemeyer, a 1.ª Regata da Capital da República. A regata, batizada de "Batalha do Riachuelo", foi patrocinada pela Marinha do Brasil, em promoção direta do Iate Clube de Brasília, através do seu diretor-social, Com. Renan Tavares. O Botafogo venceuu quatro dos cinco páreos.

Guaracy Oliveira



PROFESSOR PASSA EM PROVA DE AMOR

A glamorosa estrela britânica Nancy Kwan, de 23 anos de idade, casou com o seu instrutor de esqui, o austríaco Peter Pock, a quem ela conheceu 7 semanas antes. Agora, Nancy pode aprender a esquiar permanentemente, e de graça.



CHIMPANZÉ VOLTA À VIDA BOA

O filhote de chimpanzé da foto é prematuro e teve o coração parado durante algum tempo, logo após nascer. Quem lhe dá a mamadeira é Anthony Bloom, filho do homem que lhe restituiu a vida com massagens cardíacas.



INDIANOS QUEREM PAZ, NÃO CARTAZ

Moscou e Washington são o objetivo destes dois jovens indianos: E. P. Manon e Satish Kumar (27 e 28 anos). Iniciam, em Nova Delhi, marcha pela paz e pelo desarmamento. Farão um percurso de 10 mil milhas em sua maratona.

◆ Daniel Garric, correspondente de "Le Figaro" no Brasil, disse em artigo que, como os brasileiros não têm Gogorins e Carpenters, recorrem a Pelé e Garrincha para a sua promoção mundial. Perguntaram-lhe o que tem a França.

◆ São Joaquim, cidade do interior do Estado de Santa Catarina, bateu o recorde brasileiro do frio: 12 graus abaixo de zero. É o lugar onde a neve tem favorecido até os romances, pois moços e rapazes participam de animadas "batalhas".

◆ População de Belo Horizonte vai iniciar um movimento para a construção do seu primeiro teatro — o Teatro Municipal — que teve seus alicerces lançados ainda ao tempo em que o Sr. Juscelino Kubitschek era prefeito da cidade.

◆ Microscópio eletrônico acaba de ser adquirido pelo Jardim Botânico, do Rio de Janeiro, para fazer exames em vegetais (fotossíntese), com o objetivo de contribuir para o estudo de enzimas no corpo humano. O aparelho é ultramoderno.





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JUL 18 1962

TO : DEPARTMENT OF STATE 1962 JUL 17 AM 8 48

ANALYSIS AND DISSEMINATION

FROM : AmEmbassy, RIO DE JANEIRO DATE: July 11, 1962

SUBJECT : Brazilian Elections 1962. Report No. 15, A Status Report - Piaui
REF : Brazilian Elections 1962. Report No. 1, Despatch 891 of May 14, 1962

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- III. The Governor
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 - A. The Incumbent
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- VI. The Federal Deputies
 - A. The Incumbent
 - B. Possible Candidates

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FORM 4-62 DS-323

Drafted by: ETWalters:cm Contents and Classification Approved by: Robert W. Dean

Clearances: _____



I. General

Piauí has the unfortunate, but deserved, reputation of being the most backward, neglected, and uninhabitable of all the Brazilian states. Originally pioneered by the cattle industry to supply colonial Pernambuco with beef, Piauí now relies upon the exportation of carnauba (palm) wax, babaçu (palm) oil, and cotton for its meagre income. The entire state falls within Brazil's northeastern "Polygon of the Drought".

On October 7, 1962, Piauí will elect a new governor, vice governor, seven federal deputies, two of the three federal senators, and a new state legislative assembly. The lines of opposition are already clearly drawn. Governor Chagas Rodrigues (PTB-Brazilian Labor Party) will attempt to lead a divided PTB and PSD (Social Democratic Party) dissident group to victory against a formidable phalanx of the UDN (National Democratic Union), PSD, PSP (Social Progressive Party), and the PDC (Democratic Christian Party). This opposition already controls 20 of the 32 votes in the State Legislative Assembly and has found a popular young gubernatorial candidate, Mayor Petronio Portela of Teresina, to give effective leadership to the movement. The confusing, and apparently confused, Governor Chagas Rodrigues, wealthy landowner who preaches the radical reform sermon and collaborates with the "Ligas Camponesas" (peasant leagues), will be a candidate for both senator and federal deputy and will be forced to battle fiercely to reach Brasília and his ambition of being a nationwide "nationalist" leader. Chagas' handpicked candidate, State Deputy Constantino Pereira da Sousa, is given little hope at this time of defeating Portela.

The parties that dominate Piauí politics are the traditional three: the PSD, the PTB, and the UDN. In the 1958 elections, the UDN and the PTB allied to win control of the state administration. Primarily because of Governor Chagas' ineptitude, the UDN has joined forces with the PSD opposition. There are strong splinter groups in both the PSD and the PTB that have broken ranks to collaborate with and be candidates of their party's opposition. Governor Chagas Rodrigues has picked a PSD figure to be his gubernatorial candidate in an attempt to win the PSD votes for his cause.

Aided by the continuing depressed economic conditions and the cooperation of the Governor, the Ligas Camponesas and the leftists have made considerable inroads in Piauí. The Governor, in 1960, publicly invited pro-Communist Pernambuco Deputy Francisco Julião (see Embassy Despatch No. 1006 of June 13, 1962) and the Ligas Camponesas to come to Piauí to help "revolutionize" the static agriculture of the state. With the arrival of the Ligas in force this year there was such a strong public reaction that Governor Rodrigues was forced to withdraw his open support of the movement. And although the state is now quiet, members (such as state employee Esperidão Gomes) of the Governor's staff are still known to be collaborating with Ligas leaders. Communists have been appointed by Governor Chagas to such key posts as the Delegate of Labor and the Delegate of Agriculture (Diodeste Mendes Ribeiro) within his administration.

As to be expected, the Law School in Teresina is the spawning ground of the local communist leaders. One student (Ubiratan Carvalho) has just returned from an extended study tour in the USSR and China. The number of communists is known to be small, but they are permitted to operate openly and are apparently well supplied with vehicles and money to use in efforts to stir up more rural discontent. At least twenty professional people in Teresina are receiving regular propagandistic correspondence from Cuba.

Despite such support for leftist movements, most political observers in Piaui believe that there is no fundamental philosophical issue at stake in the 1962 elections. These experts casually accept Chagas Rodrigues as just another politician utilizing the far left nationalist line for his own political gain. They believe that he is still a "basically conservative" (and rather dull) politician. They believe that personalities and not political and economic philosophical considerations are what motivates the political party and the voter in Piaui. One observer said that the communists are active and influential in most of the Piaui political parties and are not restricted to just the PTB. It is true that one of the leading leftist spokesmen of Piaui, Deputy Clidenor Freitas, has joined the opposition coalition to express his disappointment at not having been the PTB gubernatorial candidate.

The Catholic Church, under the dynamic leadership of Bishop Avellar Brandão Vilela, is moving energetically with worker and peasant priests plus lay leaders with a "Campaign For a Better World" to combat communism. Rural unions are being formed and urban leaders are being trained to lead the Church movement. Unfortunately the indoctrination being given by the key lay leaders--while anti-communist--is definitely socialistic, nationalistic, and "anti-American imperialist." The urban leaders in the slum areas and the rural workers are taught that the two major evils in the world today are Communism and Capitalism.

Of the dozen newspapers in the state, none is little more than a personal mouthpiece for individual politicians or political parties. Governor Rodrigues owns one (Radio Club) of the two Teresina radio stations, and its programs' content is said to be definitely slanted to the left.

Note: On July 4, 1962, Governor Chagas Rodrigues, in order to be a candidate for election to federal office in Piaui, was scheduled to resign the governorship. It was first announced that since the Vice Governor, Sr. Tibério Nunes of the UDN, would also be a candidate for office and would have to resign, the Vice President of the State Legislative Assembly, Manuel Dias da Silva would assume the gubernatorial reins until the term of office ends on January 31, 1963. However, later news releases from Piaui stated that Nunes would succeed Governor Rodrigues on July 6.

II. Classification of Political Incumbents and Candidates (according to categories described in Brazilian Election Report No. 1, Amembassy Rio Despatch 891 of May 14, 1962.)

A. Fellow Traveler or Useful Innocent (Category II)

1. Federal Deputy Clidenor Freitas, PTB.
2. Federal Deputy candidate Jose Olympio de Melo, PTB.

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B. Leftist Ultra-Nationalist (Category III)

1. Governor Chagas Rodrigues, PTB.
2. Senator Mathias Olympio de Melo, PTB.

C. Non-Communist Radical Reformer (Category IV)

1. Senator Joaquim Parente

D. Centrists (Category V)

1. Mayor of Teresina Petronio Portela, UDN, gubernatorial candidate
2. State Deputy Constancio Pereira, PSD-dissident, gubernatorial candidate
3. Vice Governor Tiberio Nunes, UDN
4. Federal Deputy Laurentino Pereira, PSD
5. Federal Deputy Lustosa Sobrino, UDN
6. Federal Deputy Heitor Cavalcanti, UDN
7. Federal deputy candidate João Mendes Olympio de Melo, PTB
8. Federal deputy candidate Darcy Fontenelle de Araujo, PDC

E. Conservative (Category VI)

1. João Climaco de Almeida, PSD vice governor candidate
2. Senator Leonidas de Castro Melo, PTB.
3. Senator Jose de Mendonça Clark, PR
4. Former Federal Deputy, Sigefredo Pacheco, PSD
5. Federal Deputy Dyrno Pires Pereira, PSD
6. Federal Deputy Jose Candido Ferraz, UDN
7. Federal Deputy Milton Brandão, PSP
8. Federal deputy candidate Edison Ferreira, PSD
9. Federal deputy candidate Auerto Bessa Luz, PTB
10. Federal deputy candidate Walter Alencar, PTB

III. The Governor

A. The Incumbent

Francisco das CHAGAS RODRIGUES Caldas, PTB. Born 8 November 1922 in Parnaíba, Piauí. A lawyer with offices in Rio de Janeiro, he attended both the School of Law in Recife and in São Paulo; he has been elected Federal Deputy three times since his initial victory in 1950. Prior to launching his political career, he was employed by the Ministry of "Fazenda" (Treasury). In 1953, after the fatal accident of the original PTB candidate, he was elected Governor of Piauí. He will step down shortly, prior to July 8 of this year, in order to be a candidate for the Senate or, possibly, the Federal Chamber. Rodrigues is from a wealthy family; his wife, nee Maria do Carmo Moraes Correia,

is the daughter of one of the wealthiest landowners in the state, Jose Moraes Correia. Sra. Rodrigues is said to be a charming person, a religious, and generous individual, whereas the Governor is described as a good looking man who lacks a prepossessing personality and is only a mediocre public speaker. Considering his status as a wealthy person and the owner of one of the two Teresina radio stations, he is considered by many to be a demagogue because of his loud support of the Ligas Camponesas and radical agrarian reform. In 1960 he invited the Ligas Camponesas to help him "modernize" agriculture in Piaui, but in May of 1962 he was forced to withdraw his public support from the Ligas because of the violent reaction caused by their recent activities in Piaui. He is said to be angling for the job as Brazilian Ambassador to Cuba if his senatorial bid is unsuccessful this year. On January 9, 1962, an Embassy officer heard Governor Rodrigues speak in Rio de Janeiro at a "Students Protest Meeting"; of all the Nationalist speakers, Rodrigues was classified as the most vituperative and anti-U.S. In Piaui, he has appointed at least two communists to key positions in the state administration. Despite such actions, most Piaui political observers consider Rodrigues to be "basically" conservative (when faced by critical decisions) because of his family background and influences. Some consider that his intelligence and foresight do not match his political ambitions. His political tactics have cost him the support of the UDN, which helped elect him, and several of the key figures of his own party, the PTB. LEFTIST ULTRA-NATIONALIST.

B. Possible Candidates

1. CONSTANCIO PEREIRA de Sousa. PSD-dissident. Age: about 50. State Deputy Pereira has been active in Piaui politics since 1946 when he was first elected to the State Legislature. As a dissident member of the PSD, he now leads the pro-government but minority portion of the State Legislature. He has been hand picked by Governor Chagas Rodrigues to succeed him in the Governor's Palace. Pereira's family background is typical of the rural "colonel" although he is now preaching for the "needed" agrarian and other reforms. But, meanwhile, he continues to own extensive tracts of rural farm land. Credited with being "smart" and/or clever rather than intelligent, Pereira relies on advisors and technicians since he "knows what he doesn't know." As a student, he was primarily interested in entering the priesthood; he dropped out of the seminary during the last year of a six year course. He is described as a well-intentioned but demagogic politician who now has ties with the Communist Party. CENTRIST.

2. PETRONIO PORTELA. UDN. Age: about 36. Portela, the popular Mayor of Teresina, has been named as the opposition candidate and will be supported not only by the UDN but also by the PSD, PSP, and PDC as well as dissident elements of the PTB. As a law student in Rio de Janeiro, he was a fire-brand leftist leader, but his political performance in Piaui has shown him to be a centrist (with more conservative ties and leanings than leftist) as well as an efficient and honest administrator and a hard worker. He is considered to be "progressive." During his term as Mayor, Portela has suffered from bad health, but he now claims to be in excellent physical condition. CENTRIST.

IV. The Vice GovernorA. The Incumbent

TIBERIO Barbosa NUNES. UDN. About 40 years old. A physician from Floriano, Piaui, he is described as a presentable person, interested in little beyond his own personal affairs. He is now considered something of a playboy, although he was described as an active and radical student leader during his university days in Rio de Janeiro. In 1954, he was elected as a state deputy by a coalition of the UDN, PSP, and the PL. It is understood that Nunes may be a candidate for Federal Deputy and, therefore, would not be able to assume the gubernatorial reins when Governor Rodrigues steps down on July 4. His administrative policies would have differed sharply from those of Rodrigues. CENTRIST.

B. Possible Candidates

1. JOÃO CLIMACO de ALMEIDA. PSD. Age: about 50. A Teresina businessman (having worked his way up the economic ladder from his start as a banana vendor), State Deputy Climaco is an influential director of the state PSD organization. He has been picked by the PSD, UDN, and PSP (plus PDC and PR) coalition as their candidate for Vice Governor. He is also a director, with Federal Deputy Dyrno Pires, of the conservative Teresina newspaper, the Folha Do Nordeste. His reputation incorporates such terms as manipulator and opportunist. CONSERVATIVE

V. SenatorsA. Incumbents

1. LEONIDAS de CASTRO MELO. PTB. Age: mid-60's. A physician and an old time political figure in Piaui, Senator Melo will not run for re-election this year but will step aside to make way for Chagas Rodrigues' candidacy. Senator Melo is said to take little real interest in politics now and, reportedly for a substantial fee, has permitted his "suplente" (substitute) Mendonça Clark to exercise his mandate in the Senate. During the "Estado Novo" of Getulio Vargas, Melo acted as the Federal administrator for Piaui. In 1950, he was a successful PSD candidate for the Federal Chamber. CONSERVATIVE.

2. JOSE de MENDONÇA CLARK. PR (formerly PTB) Born: 24 August 1916 in Rio de Janeiro, D.F. A member of the influential Clark family with business operations (palm oil and cotton exports, dry goods, agricultural equipment, and automobiles) spread throughout Piaui, Maranhão and Ceara, Mendonça Clark lost in his bid for a Senate seat in 1954 but did win a position as senatorial substitute. As the substitute, he has been acting as Senator for most of the term of Leonidas de Castro Melo who bowed out, supposedly for a price, in favor

of Clark. Possessing only a high school education (Colegio Anglo-Americano in Rio de Janeiro), Clark attended the Brazilian equivalent of the National War College (Escola Superior de Guerra) in 1956, following terms as the President of the Parnaiba Commercial Association, President of the Parnaiba Power Company, and Vice-President of the Brazilian Association of Exporters. He has authored several economic studies of Piaui and one treatise entitled "Internal Politics and Public Security" in 1956. Piaui leftists describe Senator Clark as a reactionary who is tied in closely with the foreign trusts. CONSERVATIVE.

3. MATHIAS OLYMPIO de Mello. PTB. Born: 15 September 1882 in Barras, Piaui. Despite his advanced age, Senator Olympic is considered to be an influential politician in Piaui and will probably be a candidate for re-election. He is a retired federal judge and is a member of the Brazilian Institute of History as well as the Piaui Academy of Letters. He is considered to be a leftist, and his son Jose Olympic, lawyer and journalist, has close ties with the Communist Party, whereas his other son Joao Mendes, an agronomist with the Ministry of Agriculture and former Mayor of Teresina who acts as his father's senatorial substitute, is a centrist and is said to be pro-U.S. In 1953, Senator Olympic voted against ratifying the Brazil-U.S. Military Assistance Agreement. In 1946 (Constituent Assembly) and 1947 (Senate), Olympic was elected by the UDN. LEFTIST ULTRA-NATIONALIST.

4. JOAQUIM de Santos PARENTE. UDN. Age: about 50. A businessman and contractor in Rio de Janeiro, Parente was launched into politics for the first time in 1958 when his brother, Federal Deputy Marcos Santos Parente, was killed in an automobile accident while campaigning for the Senate. Parente was drafted to fill his brother's candidacy and won mostly because of his brother's popularity. Senator Parente is a director of a Teresina newspaper, Folha da Manha, but otherwise continues to spend most of his time in Rio de Janeiro tending to his business interests with occasional trips to Brasilia. Senator Parente reportedly possesses little formal education but is respected because of his business capacity, his reported wealth, and his liberal policies advocated in Brasilia. NON-COMMUNIST RADICAL REFORMER.

B. Possible Candidates

1. JOSE CANDIDO FERRAZ. UDN. (see Federal Deputies - Incumbents)
2. CHAGAS RODRIGUES. PTB. (see Governor - Incumbent)

3. SIGEFREDO PACHECO. PSD. Born: May 22, 1904 in Campo Maior, Piaui. A graduate pharmacist and physician (University of Brazil - 1930), Dr. Pacheco served as "Health Delegate" for Piaui before he became the Mayor of his home town, Campo Maior. In 1946, he was elected as a member of the Constituent Assembly, and he returned to the Federal Chamber in 1947, 1950, and 1954. A politician of the old order, a large landowner, Pacheco is often described as being reactionary. CONSERVATIVE.

VI. The Federal Deputies

A. Incumbents

1. DYRNO PIRES FERREIRA. PSD. Deputy Pires is the acting director of the Folha do Nordeste, Teresina's most widely read newspaper, but he spends most of his working days in Rio de Janeiro rather than Teresina or Brasilia. He has a reputation for using his financial resources to buy votes and his political position to obtain business advantages. His newspaper reflects his strong conservative and anti-communist as well as anti-Rodrigues sentiments. CONSERVATIVE.

2. LAURENTINO PEREIRA da Sousa Neto. PSD. Age: 50 years old, born in São João, Piauí. Deputy Laurentino graduated from the University of Bahia Medical School in 1938 and returned to Piauí to practice medicine in the forlorn city of Cieras, the former capital until 1852, of Piauí. As the popular and dedicated physician, he was elected as councilman in 1946, Mayor in 1950, State Deputy in 1954, and Federal Deputy in 1958. He wields significant influence in the interior and is a leader in the PSD state organization. Laurentino has joined the PSD dissidents to back the gubernatorial candidacy of his brother Constantino Pereira de Sousa, who is also supported by Governor Chagas Rodrigues. CENTRIST.

3. Joaquim LUSTOSA SOBRINHO. UDN. Born: 30 May 1909, Gilbues, Piauí. From a well known Brazilian family of lawyers and physicians, Lustosa is a practicing lawyer and a former law professor at the University of Piauí as well as a high school language instructor. He started his political career as a State Deputy in 1947, was a Federal Deputy alternate ("suplente") after the 1950 election, and, in 1958, won his present post. Even his leftist opposition admits that Lustosa possesses a good reputation, is honest, and is intelligent although he is termed "half-reactionary." CENTRIST.

4. JOSE CANDIDO Ferraz. UDN. Born: 21 October 1915; Teresina, Piauí. Deputy Candido is another of the Piauí physicians-politicians. He graduated from the University of Bahia School of Medicine in 1939, and served as the head of a tubercular clinic in Teresina until he started devoting the bulk of his time to politics. In 1945, he was a staff assistant to Brigadeiro Eduardo Gomes in his unsuccessful presidential bid. Candido has served as a Federal Deputy since 1947, and he is now a UDN candidate for the Senate. A likeable person, a convincing conversationalist and speaker, he is said by some to possess a good reputation, while others say he has never done anything for Piauí and that he is an opportunist, a manipulator, and a swindler. All agree that he is intelligent. One leftist has remarked that Candido would be the first to be executed after a communist takeover because of his outspoken anti-communism and his reported callousness regarding social problems and inequities. CONSERVATIVE.

HEITOR de Albuquerque CAVALCANTI. UDN. Age: 36 years old. A practicing lawyer, Deputy Heitor entered POLITICS as a State Assembly alternate in the elections of 1950. He was a State Deputy following the 1954 elections, and in 1958 he was elected to the Federal Chamber. Despite his precocious political career, he is said to have little political expression or influence. His reputation is not the best, and he is described as being "unlearned." CENTRIST.

6. CLIDENOR de FREITAS Santos. PTB. Born: February 16, 1913; Miguel Alves, Piaui. From a well known but not wealthy Piaui family, Deputy Freitas graduated from the University of Recife School of Medicine in 1935 to become one of the better known psychiatrists in Brazil. In addition to establishing and running a psychiatric hospital in Teresina, he also taught philosophy in the local schools. His political career started in 1954 with an unsuccessful bid to be Mayor of Teresina. In 1958, he won his first elective post as a Federal Deputy. One of the several works he has written is entitled "The Psychological Basis of Nationalism," which serves as background for his participation in the "grupo compacto" (ultra-nationalist) wing of the PTB. In Piaui, he is considered to be both intelligent and half-mad; he knows how to please the masses--being either the clown or the statesman according to the occasion and circumstance. Many local pundits credit Freitas with being only an inconsequential sensationalist who is always making noise but who is attracted as much by money as fame. Deputy Freitas had expected to be Governor Chagas Rodrigues' choice for the PTB's gubernatorial candidate; he has now broken with Chagas and will probably back the opposition candidate. Freitas' chances for re-election, according to some observers, may be surprisingly slim. FELLOW TRAVELER.

7. Tertuliano MILTON BRANDÃO. PSP. Age: mid-50's. His political career started in 1947 as a PSD State Deputy; in 1950, he became the Vice Governor as the PSD candidate; and in 1954, as a PSP candidate, he won the first of his two terms as Federal Deputy. A large landowner, a practicing Catholic, he is described as a person who wants to do good and to be helpful to everyone. A genteel person, he is well liked and respected despite what some consider to be his reactionary policies. CONSERVATIVE.

B. Possible Candidates

1. CHAGAS RODRIGUES. PTB. Also a candidate for Federal Senator. (see Governor--Incumbent, Section III. A.)
2. MATHIAS OLYMPIO de MELO. PTB. Also a candidate for re-election as Federal Senator. (see Federal Senators--Incumbent, Section V. A.)
3. SIGEFREDO PACHECO. PSD. Also a candidate for election as Federal Senator. (see Federal Senators, Section V.B.)
4. EDISON Dias FERREIRA. PSD. Age: mid-40's. Sometimes State Deputy (1947, 1950, and 1958) and former State Secretary of Finances, Sr. Edison is reported to be a respected political veteran of the Piaui political wars. CONSERVATIVE.

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5. JOÃO MENDES OLYMPIO de Melo. PTB. Age: about 40. U.S. trained agronomist son of, and "suplente" (substitute) for, Senator Mathias Olympio de Melo. João Mendes is considered to be a mature and intelligent politician, much more balanced than either his father or his leftist brother Jose Olympio. CENTRIST.

6. JOSE OLYMPIO de Melo. PTB. Age: mid-30's. A journalist, lawyer, and categorized as a "character," Jose is the second politically active son of Senator Mathias Olympio de Melo. He is said to be one of the leaders of the leftist movement in Piaui and is reported working closely with the Communist Party. FELLOW TRAVELER.

7. ALBERTO BESSA LUZ. PTB. Age: mid-40's. Present State Secretary of Agriculture, former State Deputy, Bessa Luz is said to have a relatively clean reputation despite his propensity for opportunistic manipulating. He is classified as a shallow intellectual with little specific knowledge of any one subject. CONSERVATIVE.

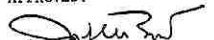
8. WALTER ALENCAR. PTB. Age: about 50. The Chief of the Governor's Civil Household, Alencar is described as the most capable man on Governor Rodrigues' staff. He is also a professor of law. As a convinced rightist ("close to reactionary") intellectual, he is said to weigh heavily in the balance against the Governor's leftist counselors and often acts as his mentor. Alencar may also be a candidate for Mayor of Teresina. CONSERVATIVE.

9. DARCY Fontenselle de ARAUJO. PDC. Age: mid-30's. An outstanding intellectual in Piaui and law professor, Dr. Darcy will be making his first dive into politics with the support of the PDC and the Church but with little chance of victory. CENTRIST.

For the Ambassador


Edward T. Walters
First Secretary of Embassy

APPROVED:


Niles W. Bond
Deputy Chief of Mission

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FOLLOWING IS LIST OF SUBJECTS FOR DISCUSSION AT-FUTURE POLAD MEETINGS AS AGREED TODAY.

JULY 17 MEETING.

(1) FRENCH AND DANISH REPS PROPOSED DISCUSSION OF INTERNAL SITUATION IN CZECHOSLOVAKIA IN LIGHT OF RUMORS NOVOTNY MAY RESIGN AS PARTY FIRST SECRETARY (ALTHOUGH REMAINING AS PRESIDENT), REPORTED VISIT OF SOVIET IDEOLOGICAL EXPERT ILYCHEV AND BARAK'S ARREST.

(2) DEVELOPMENTS IN BRAZIL IN VIEW CONTINUING INSTABILITY (CHAIRMAN'S SUGGESTION).

JULY 24 MEETING:

(1) DUTCH AND FRENCH SUGGESTED EXCHANGE OF VIEWS ON CUBAN-USSR RELATIONS AND CUBAN INTERNAL SITUATION. DUTCH SUGGESTED FACT NEW SOVIET AMBASSADOR TO CUBA WAS FORMERLY CULTURAL COUNSELOR INDICATED STRAINED RELATIONS.

(2) CHAIRMAN TOOK NOTE OF FACT CAIRO CONFERENCE HAS BEEN RAISED IN ECONADS BUT SUGGESTED DISCUSSION OF POLITICAL ASPECTS ONCE CONFERENCE IS OVER.

CHAIRMAN AGREED WITH FRENCH RE IMPORTANCE OF EXCHANGING VIEWS ON INTERNAL SITUATION COMMUNIST CHINA AND WHAT IT PORTENDS FOR RELATIONS WITH USSR AND FREE WORLD, WHICH WILL BE LISTED FOR DISCUSSION LATER THIS MONTH.

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POLTOs 52 and 64 - POLAD AGENDA

POLTO 64

I. Re Soviet Penetration Africa See TOPOL (1) 103.

POLTO 52

(1) Re Czechoslovakia situation See TOPOL (2) 102

(2) Re Brazil See TOPOL (3) 105

(3) Re Cuban-USSR Relations See POLTO 52, and TOPOL (4) 106

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| E | P | IO | L | | | SUBJECT : Brazilian Election Report No. 4 - Amazonas | | | <i>Fale - in action</i> <i>ARA/EST/K</i> <i>8/16/62</i> <i>S.W. Wilson</i> | | |
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| | | | 3 | | | III. Political Personalities | | | | | |
| | | | 12 | | | I. General | | | | | |
| | | | 8 | | | <p>The state of Amazonas includes a huge under-developed area in the northwest part of Brazil; much of the area is completely undeveloped. The area lost its major source of income when the rubber boom broke in the early 1920's. Since that time, the main source of income for the area has been derived from agriculture, collecting Brazil nuts and native rubber, jute cultivation, and lumber. Recently the industrial life has improved in the capital city of Manaus. A petroleum refinery has been built and several small factories have been put into operation. Aside from Manaus, there are few other cities of any consequence, and these are situated on the river. Outside the cities, the population exists on a near subsistence economy and a majority are illiterate.</p> <p>As in most of the Amazon Valley, the major political party is the PSD; however, in Manaus the PIB now has control of politics. Gilberto MESTRINHO, the present governor has effectively built up a strong political machine which, unless something very unforeseen</p> | | | | | |
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happens within the near future, it is almost assured that the PTB candidate will be elected to the position of governor. The PTB candidate is Plinio Ramos COELHO, former governor and recently the unsuccessful candidate for the position of mayor of Manaus.

The leader of the PSD in Amazonas is Alvaro MAIA, an intellectual who is a member of the Academia Amazonense de Letras and the author of various literary works about the area. By profession he is a lawyer who in 1930 was appointed by Getulio Vargas as Intervendor Federal (federal administrator). He remained in this position until 1945 when the dictatorship of Vargas fell. He was then elected the constitutional governor of Amazonas and held this position until 1950. There are many who believe that this was a period of non-productivity and little progress in the state.

In 1950, the leader of the opposition, Leopoldo Amorim da Silva NEVES, with the backing of the PTB was elected governor. In 1954, Plinio Ramos Coelho, a member of the PTB was elected. During his governorship, he named Gilberto Mestrinho de Medeiros Raposo as State Secretary of Economics and Finance, and later as mayor of Manaus. Later, Plinio Coelho backed Mestrinho for governor.

Mestrinho with the backing of the PTB and elements of the PST (Partido Social Trabalhista) and the PSB (Partido Socialista Brasileiro) was elected over his opponent Paulo Pinto NERY, a lawyer and professor at the local law school.

Upon taking over the governorship, Mestrinho appointed Plinio Coelho Attorney-General; however, he only remained in this position for six months. An open breach developed between the two as they fought to gain individual political power.

This enmity existed between the two until April of this year. During the elections for mayor which were held on January 7, 1962, and at which time Plinio Coelho was a candidate of the PL. The situation developed to the extent that armed gangs destroyed the pro-Plinio Coelho newspaper presses, raided a Belém printing house to obtain and destroy pro-Plinio Coelho propaganda. The state militia was used to disrupt the pro-Plinio Coelho factions and, in general, used all methods of force and persuasion to assure that Plinio Coelho would not be elected mayor. (See Consulate Belém's Despatch No. 75, February 5, 1962.)

Shortly after the elections for mayor, maneuverings started to determine the PTB candidate for governor. In an effort to maintain the strength of the PTB in Amazonas, the President called Mestrinho and Plinio Coelho for a conference. At that time, Mestrinho said that he would back Plinio Coelho as senator and federal deputy and PTB leader in the Federal Assembly for governor. Plinio Coelho did not agree with this and Mestrinho named three other possible candidates: Aderson Andrade de MENESES, Secretary of Education and Culture; Raimundo FIGUEIRA, president of the Banco de Credito da Amazonia; and Federal Deputy Arthur Virgilio Filho, the vice-leader of the PTB in the Federal Assembly. Plinio Coelho disagreed with this and it was finally decided that he, with the backing of Mestrinho, would be the PTB candidate for governor.

Considering the strong PTB political machine that Mestrinho has built up in Amazonas, Plinio is almost assured of being the next governor of the state.

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The opposition candidate will again be Paulo Pinto NERY, a PS~~P~~ party member.

II. Miscellaneous

A. Revolutionary Movements

To date the Ligas Camponesas movement has not infiltrated into Amazonas. Also there is little indication that groups of this type will become a political force for some time. The strongest communist dominated union is the barbers' union; its exact strength is not known. It is this group which passes out free copies of the communistic newspaper from Rio de Janeiro, Novos Rumos. Another union which is heavily infiltrated with communists is the longshoremen's union.

B. News Media

There are six newspapers in Manaus which are distributed to other population centers. The newspapers are O Journal and Diário da Tarde, an evening newspaper; the directors of these newspapers are the same. Philippe DAOU is closely connected with these newspapers, also, he handles public relations for the governor. He has visited the United States, and as a result of this trip, he wrote a number of pro-American articles. Other newspapers are A Critica, which is planning to establish a television station in Manaus; Journal do Comercio, which is owned by Diários e Radios associados of Rio de Janeiro; A Gazeta, an evening newspaper, owned in part by Governor Gilberto Mestrinho and A Tarde, a small evening newspaper which publishes about a thousand copies daily.

There are three radio stations. Radio Difusora do Amazonas is owned by the Mayor of Manaus, José Claudio de SOUZA. Its primary listening audience is in the interior. Radio Rio M~~a~~ is owned in part by Governor Mestrinho; its primary listening audience is within Manaus. Radio Base is owned by Diários e Radios associados of Rio de Janeiro.

All of these newspapers and radio stations appear to be pro-American and free of communist influence.

III. Political Personalities

Gilberto MESTRINHO de Medeiros Rapôso (PTB) has risen from a rather humble background to be one of the stronger politicians in the Amazon Valley as well as one of the wealthiest. His professional training is that of a school teacher; it is not known if he ever practiced in this profession. It is known that a great deal of his wealth has been derived from a very active contraband business as well as other unsavory enterprises. Since entering public life, his economic ventures are more legitimate and include partial ownership of a newspaper and a radio station in Manaus, properties in Belém, and stock in the recently inaugurated cement factory near Belém.

His personal wealth is such that the need to "tap the till" is not so great as is found in other cities in this district, such as Belém. He has been active during his governorship in building schools, hospitals, roads, and a new electricity plant which should be in operation in September, 1962.

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Mestrinho started his political career under the tutelage of Plinio Ramos Coelho, a former governor and candidate for governor in the October elections.

Mestrinho is a man of 34 years. He is quite short and dark; he also has the habit of refusing to look you in the eye. With strangers he is withdrawn. He is friendly to Americans and has not been known to express any anti-American statements. In consideration of his various programs, he has been classified as a non-Communist radical reformer.

Arlino PORTO (PTB). At the present he is the President of the Legislative Assembly, and as there is no vice governor, he assumes the governorship in the absence of the governor. He is also president of the local Sindicato Jornalista. Last year he visited Austria to attend an international meeting of journalists; this year he plans to go to Rome to attend the same type of meeting. In Amazonas he is very active in PTB politics. People consistently speak of his leftist tendencies.

He is a man in his late thirties or early forties, of medium build. He has a pleasant manner to strangers and a strange sense of humor; when the USIS local representative visits his office, he usually plays Russian military marches and comments on their beauty.

At the present, and until a more complete study can be made, he is classified between a leftist ultra-nationalist and a fellow-traveller.

Alvaro MAIA. He is an oldtime politician of about sixty-five years of age, who was born in Manaus. During the fifteen years of the dictatorship of Getulio Vargas (1930-1945) he was the federal administrator for the state of Amazonas. After the fall of the dictatorship, he was constitutionally elected governor; later he served as federal senator. By profession he is a lawyer. For a number of years he has been active in PSD politics within the area. During the 1960 presidential elections, he actively backed the candidacy of Marshall Henrique Lott. He is classified as a conservative.

Plinio Ramos COELHO. He is an active PTB political personality for many years who was helpful in the development of the political career of Gilberto Mestrinho. He was named mayor of Manaus in 1958 and in 1961 and was an unsuccessful candidate for mayor in the first constitutional elections held in Manaus for this position. Previously in this report the strained relations between him and the governor have been discussed. In April, 1962, the breach between these two was closed at the request of the President and Mestrinho publically offered his support to Plinio Coelho as the PTB candidate for the federal senate. During the last presidential campaign he headed a group which supported Janio Quadros for the presidency. It is considered by many that with the backing of the Mestrinho machine, he should have little trouble winning the election. Past political actions would tend to place him in the centrist category.

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Paulo NERY. He is a member of the PSP and was the opponent to Gilberto Mestrinho in the 1957 elections. He is about fifty years of age, and by profession he is a lawyer. There is little chance that he will win the election as the Mestrinho machine is bound to use every measure to assure the election of Flinio Goelho. He is classified in the conservative category.

Edward J. Holway, Jr.
Edward J. Holway, Jr.
American Consul

cc: Embassy, Rio de Janeiro
Embassy, Brasilia

Department please pass to all posts in Brazil.

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DEPARTMENT OF STATE
BUREAU OF
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JUL 18 1962
DATE: July 13, 1962

FROM : Amembassy Rio de Janeiro

SUBJECT : Brazilian Elections 1962: Report No. 16: Election Developments - Ceara, Maranhao, and Rio Grande do Norte.
REF : Embassy Despatch 950 of May 25, 1962; Embassy Despatch 892 of May 15, 1962; and Embassy Despatch 914 of May 22, 1962.

To bring up to date the basic electoral information reported regarding the states of Ceara, Maranhao, and Rio Grande do Norte, there are enclosed three supplementary reports which may be detached and filed with the original despatches.

For the Ambassador

Edward T. Walters
Edward T. Walters
Second Secretary of Embassy

APPROVED BY:
Niles W. Bond
Niles W. Bond
Deputy Chief of Mission

Enclosures: *3*
As stated.

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ENCL. 1
AIRGRAM A-50

CEARÁ: (Reference Amembassy Despatch No. 950 of May 25, 1962.)

1. PSD leader Armando Falcão has stated that he is definitely not a gubernatorial candidate. He will be a candidate in Ceará or Guansbará for Federal Deputy.

2. Meetings were held in Rio de Janeiro by Ceará political leaders in attempts to determine party coalitions and joint candidates. Party conventions were scheduled for July or after the Federal Government finds a new Prime Minister. The party line-up may eventually be PSD-PIN-PR-PSP versus UDN-PTB. Leading candidates for the gubernatorial nomination appear to be Vice Governor Wilson Gonçalves, PSD, (or Raul Barbosa, PSD), and Federal Deputy Adahil BARRETO, UDN. Nationalist figure Adahil has reportedly been given an official stamp of approval by President Joao Goulart. Rankled by an article in the weekly magazine, O CRUZEIRO, Deputy Adahil denied, in a Chamber speech, that he was a Communist (as stated in the David Nasser article) and reminded his listeners of his strong condemnation of the Russian invasion of Hungary.

3. Governor Parsifal Barroso will remain in the Governor's Palace rather than be a candidate in Ceará for the Senate or Federal Chamber. He has launched a surprisingly loud campaign to discredit the PTB and to build up his new party, the PTN, as the "authentic labor party" throughout the State.

4. Seven candidates have announced their candidacy for the Fortaleza mayoralty race: Moura Belezá, PR; Professor Santos Teixeira; José Claudio Oliveira; Colonel MURILLO BORGES* (former State Secretary of Security); Dr. MARIO de ASSIS*; AÉCIO de BORBÁ*; and MAURIO BENEVIDES*.

* Not listed in Despatch Number 950 of May 25, 1962: "A Status Report - Ceara."

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MARANHÃO: (Reference Amembassy Rio Despatch No. 892 of May 15, 1962.)

1. The opposition has selected its senatorial candidates. Federal Deputy Antonio DINO, formerly of the PSD, will represent the PSP and will run with Professor ANTENOR Americo Mourão BOGÉA,⁷ President of the PDC.

+Biographic note: Born 8 October 1909 in Maranhão. Law degree, Maranhão, in 1932. After serving with the Government forces from 1930 to 1944 as Mayor of Grajau, State Attorney, São Luis Police Chief, and State Police Chief, he joined the opposition forces and was elected as Federal Deputy, 1945, 1947, 1950, and 1954. He is now serving as a Deputy "suplente" (substitute) having broken in 1954 with the UDN to head the PDC. He is also a law professor and will head the projected Catholic Law School in São Luis. CENTRIST.

2. Another PSP candidate for the Federal Chamber has been announced. Dr. Alexandre COSTA, former Vice Governor (1957 to 1961), broke with the PSD after he quarrelled with his brother-in-law, Senator Eugenio Barros, and joined the PSP. Within the ranks of the opposition, he has taken an unusually strong anti-communist stand. He is an active Mason. CENTRIST.

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RIO GRANDE DO NORTE: (Reference Amembassy Despatch No. 914 of May 22, 1962).

1. The following line-up of senatorial candidates is apparently set for the election campaigning in Rio Grande do Norte:

- A. UDN: Former Governor Dinarte Mariz and Federal Deputy Tarcisio Maia with Cortes Pereira and José Bezerra running as "suplentes" (substitutes).
- B. PSD: Federal Deputy Teodorico Bezerra and Vice Governor Alfredo Gurgel.
- C. PTB: Mayor (of Natal) Djalma Maranhão.

The PDC and the PTB are also pushing the name of Aristo Fernandes and the UDN-dissident group has announced that State Secretary of Education Grimaldi Ribeiro will be a senatorial candidate. However, it is expected that both Fernandes and Ribeiro will be candidates for the Federal Chamber, rather than the Senate, with Governor Aluisio Alves' blessings. If Djalma Maranhão continues in the race, Governor Alves will be faced with a difficult decision as to whom to back: Teodorico Bezerra (PSD boss and organizational support for Alves), Vice Governor Padre Alfredo Gurgel (Alves' popular running mate), or Djalma Maranhão (influence with the leftists).

Other new names being mentioned in the Federal Chamber race are: Mayor CIRILO FONSECA (UDN), NADIR PERREIRA (UDN), TULIO FERNANDES (PSD), ALDO TINOCO (PTB), and JOSÉ S. BRAZ (PTB). The last named candidate, Braz, is reportedly dictated by President João Goulart. Braz actually resides in Rio de Janeiro and is not well known in Rio Grande do Norte.

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| ORIGIN/ACTION | | | DEPARTMENT OF STATE | | | 732-007-1362 | | |
| ARA-4 | | | AIRGRAM | | | AR-732-2 FOR RM USE ONLY | | |
| RM/R | REP | AF | A-51 | | | OFFICIAL USE ONLY | | |
| 2 | | | NO. | | | AIR POUCH | | |
| ARA | EUR | FE | TO : Secstate WASHINGTON | | | 1962 JUL 17 AM 8 48 | | |
| NEA | CU | INR | FROM : Amembassy BRASILIA Office | | | DATE: July 13, 1962 | | |
| E | P | IO | SUBJECT: <u>Chamber of Deputies Increased in Size</u> | | | ANALYSIS & DISTRIBUTION BRANCH | | |
| L | FBO | AID | REF : <u>Brazilian Elections 1962 - Election Report No. 17</u> | | | DEPARTMENT OF STATE BUREAU OF INTER-AMERICAN AFFAIRS JUL 18 1962 file Juy 17/24/62 | | |
| 2 | | | SUMMARY | | | | | |
| AGR | COM | FRB | On June 28, the Federal Senate passed and sent to President Goulart a law raising the number of members in the Federal Chamber of Deputies from the present 326 to 404. ¹ This law will substantially increase the representation of the populous southern states of Brazil. | | | | | |
| INT | LAB | TAR | - o - | | | | | |
| TR | XMG | AIR | A Statistical View | | | | | |
| ARMY | CIA | NAVY | The following table shows the representation of each of Brazil's states in the present Chamber and compares it with the number of deputies each will have following the October elections: | | | | | |
| 5 | 10 | 3 | 1 See enclosure for text. | | | | | |
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| 12 | 8 | 3 | FOR DEPT. USE ONLY <input checked="" type="checkbox"/> In <input type="checkbox"/> Out | | | | | |
| FORM 4-62 DS-323 | | | Drafted by: | | | Contents and Classification Approved by: | | |
| | | | HAQuinn:jw | | | Freine | | |
| Clearances: | | | | | | | | |

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Representation in the
Federal Chamber of Deputies

| <u>State</u> | <u>Present Representation</u> | <u>Representation in Next Congress</u> | <u>Gain</u> |
|--------------------------------|-----------------------------------|--|-------------|
| Amazonas | 7 | 7 | 0 |
| Pará | 9 | 10 | 1 |
| Maranhão | 10 | 16 | 6 |
| Flaui | 7 | 8 | 1 |
| Ceará | 18 | 21 | 3 |
| Rio Grande do Norte | 7 | 7 | 0 |
| Paraíba | 11 | 13 | 2 |
| Pernambuco | 22 | 24 | 2 |
| Alagoas | 9 | 9 | 0 |
| Sergipe | 7 | 7 | 0 |
| Bahia | 27 | 31 | 4 |
| Minas Gerais | 39 | 48 | 9 |
| Espírito Santo | 7 | 8 | 1 |
| Rio de Janeiro | 17 | 21 | 4 |
| Guanabara | 17 | 21 | 4 |
| São Paulo | 44 | 59 | 15 |
| Paraná | 14 | 25 | 11 |
| Santa Catarina | 10 | 14 | 4 |
| Goiás | 8 | 13 | 5 |
| Matto Grosso | 7 | 8 | 1 |
| Rio Grande do Sul | 24 | 29 | 5 |
| Territory of Acre | 2 | 2 ¹ | 0 |
| Territory of Amapá | 1 | 1 | 0 |
| Territory of Rondonia | 1 | 1 | 0 |
| Territory of Rio Branco | 1 | 1 | 0 |
| Federal District (Brasília) | 0 | 0 ² | 0 |
| Totals: | 326 | 404 | 78 |

- 1 Now the state of Acre, it will eventually have 7 deputies.
- 2 Entitled to 7 deputies under terms of the Constitution, Enabling legislation pending in Chamber committee.

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A Constitutional Requirement

The law putting these changes into effect is based on the constitutional provision that Chamber membership be proportional to the population. Specifically, the Constitution provides that each state, and the Federal District, shall have one deputy for every 150,000 population, until its representation reaches 20, thereafter receiving 1 for each 250,000 population. Elsewhere it provides that this representation shall be based on the official census figures.

In Brazil, the census is taken every ten years, just as in the United States. Thus, the membership of the Chamber of Deputies-- which was set at 304 when the present Constitution came into force-- was raised to 326 on the basis of the population increase determined by the 1950 census (i.e., in time for the 1954 Chamber elections). The 1960 census (the final results of which were, as previously reported, released in June of this year) showed a population of 70,967,185--and thereby provided the justification (not to say necessity) for another increase in the Chamber's membership.

A Slight Aura of Controversy

This being the case, it might be assumed that the bill providing for an increase in membership would have smooth legislative sailing. Such, however, was not the case. For one thing, the figures upon which the original bill was based were both unofficial and subject to some doubt (the 1960 census having been the focus of charges of widespread corruption, and resultant investigation, during the Quadros government). For another, there was great reluctance in some Congressional quarters to the idea of voting an increase which would strengthen still further the numerical dominance of the populous (and rapidly growing) South at the expense of the impoverished (and comparatively static) Northern and Northeastern regions. In part, these objections were overcome by a recent reworking of the original bill to conform with the later, official census figures noted above. In large measure, however, the present bill has probably become law because the present political crisis has kept unusually large numbers of legislators in Brasília--thus facilitating the completion of legislative business which would normally be much more susceptible to obstructive tactics.

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The Consequences

Be this as it may, the new law should have several important effects on this year's elections. For one, it should make it easier for some incumbents (whose chances were previously considered slim) to be re-elected--simply because a greater number of vacancies exist.² At the same time, the large increase in total membership (some 23 percent) should result in an even larger number of new faces than usual (turn-over has previously run from 30 percent to 50 percent) in the new Chamber. And finally, the new law will, as noted above, still further increase the numerical dominance of such populous states of the South as São Paulo, Minas Gerais and Paraná. Indeed the four states (São Paulo, Minas Gerais, Guanabara, Rio de Janeiro) comprising the so-called "Mineiro Triangle" (traditionally the hub of Brazilian growth and prosperity) will have 149 of the 404 members in the new Chamber.

Acre and the Federal District

It is not entirely certain, however, that the new Chamber will number only 404. In two cases, that of the newly-created state of Acre and that of the Federal District of Brasilia, further increments are possible because the Constitution specifically provides that all states and the Federal District are entitled to at least 7 federal deputies and 3 senators, regardless of the size of their populations. In the case of the new federal district (which was created in April 1960; i.e., subsequent to the last congressional elections) this provision has so far not been put into practice. A bill which would do so has been bottled up in Chamber committee by opponents who allege it would be an absurdity to give 10 federal representatives to an entity of 200,000 population. Present indications are that this group is in a majority in the present Chamber and that representation for the Federal District will therefore not

² This is a not insignificant factor: in 1958 quite a few incumbents failed of re-election--a circumstance which, in some instances, led to rather complicated post-electoral maneuvers designed to remove more successful candidates on the same party list to lucrative appointive positions for the purpose of making room for the worthy or influential who had failed.

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be forthcoming prior to this year's elections. As for the new state of Acre, its chances of securing representation are only slightly better. The legislation granting it statehood is silent on this point (thanks to a presidential veto), though it does provide for elections to a constituent assembly and for the eventual election of a governor. It is therefore possible that elections for the 7 federal deputies to which the new state is theoretically entitled³ may be called for this year--an event which could come about either as a result of further congressional legislation or due to an electoral court ruling. The former possibility would appear to be rather remote, though the latter is, according to an official of the Supreme Electoral Tribunal, quite likely. As yet, however, no one has taken the necessary first step--that of petitioning the Supreme Electoral Tribunal to set the date for elections to the Federal Chamber and Senate from Acre.

Thus, it must be assumed for practical purposes that, in the October elections to the Federal Chamber of Deputies, only the 404 seats provided for by the new legislation will be contested.

³ As a territory, it already has two federal deputies.

For the Ambassador:

Harry A. Quinn
Harry A. Quinn
Second Secretary of Embassy

APPROVED:

Philip Raine
Philip Raine
Counselor of Embassy
for Political Affairs

Enclosure: Translation of text of law raising the number of members in the Federal Chamber of Deputies.

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Enclosure
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OFFICIAL TRANSLATION
TEXT OF LAW INCREASING SIZE OF CHAMBER OF DEPUTIES

"The National Congress decrees:

Article 1 - The number of representatives of the people in the Chamber of Deputies for the next legislature is fixed at 404 (four hundred and four), elected by the states and territories in accordance with the following distribution: Amazonas, seven (7); Pará, ten (10); Maranhão, sixteen (16); Piauí, eight (8); Ceará, twenty-one (21); Rio Grande do Norte, seven (7); Paraíba, thirteen (13); Pernambuco, twenty-four (24); Alagoas, nine (9); Sergipe, seven (7); Bahia, thirty-one (31); Minas Gerais, forty-eight (48); Espírito Santo, eight (8); Rio de Janeiro, twenty-one (21); Guanabara, twenty-one (21); São Paulo, fifty-nine (59); Paraná, twenty-five (25); Santa Catarina, fourteen (14); Goiás, thirteen (13); Mato Grosso, eight (8); Rio Grande do Sul, twenty-nine (29); Territory of Acre, two (2); Territory of Amapá, one (1); Territory of Rondonia, one (1); Territory of Rio Branco, one (1);

Article 2 - This law will become effective on the date of its publication, contrary provisions being revoked."

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|---------------|------|-----|--|---------------------|--|--|-----------------------------|
| ORIGIN/ACTION | | | 50 | DEPARTMENT OF STATE | | | 732.007-1862 NR 811.0020 |
| ARA-X | | | AIRGRAM | | | FOR RM USE ONLY | |
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| 2 | 1 | | NO. | | | AIR POUCH | |
| ARA | EUR | FE | TO : Secstate WASHINGTON | | | 1962 JUL 19 | |
| NEA | CU | INR | FROM : Amembassy BRASILIA Office | | | ANALYSIS OF DISSEMINATED INFORMATION BUREAU OF STATE AFFAIRS JUL 23 1962 DATE: July 13, 1962 file 8976-8744 | |
| E | P | IO | SUBJECT : <u>Pro-Quadros Propaganda and Attitudes toward the Alliance for Progress as Observed by American Exchange Students in the State of Goiás</u> | | | INDEX | |
| L | FBO | AID | ARMY | | | NAVY | |
| | | 11 | ARMY | | | NAVY | |
| | IGA | PC | FORM 4-62 D5-323 | | | OFFICIAL USE ONLY | |
| | 3 | 13 | Dated by: Hweiner:jw | | | Contents and Classification Approved by: PRaine | |
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| ARMY | CIA | NSA | | | | | |
| OSD | USIA | NSA | | | | | |
| | 10 | 3 | | | | | |

Miss Carol Falk, age 22, of Priest River, Idaho and Mr. Quentin Huss, age 20, of Saint Joseph, Missouri, who have been living with farm families in the state of Goiás since May 3, under the sponsorship of the International Farm Youth Exchange Program, called at the Embassy today. Miss Falk has lived with five families and Mr. Huss with four families in Ceres, Inhumas, Anapolis, Neropolis, and the state capital, Goiania. They report that in these localities small groups of students from the University of Goiania, led by a student named Jamil Miguel, have been engaged in a campaign of street-corner rallies and radio speeches in which two basic ideas are reiterated: (1) that the National Congress is useless as an instrument of government and should be abolished; (2) strong, one-man rule by Janio Quadros is Brazil's only hope of salvation. Both Miss Falk and Mr. Huss report that among the families with which they lived, and among neighboring families, there is general acceptance of both ideas at the same time as there is almost complete agreement on, and awareness of, the failure of Communism in Cuba.

Among these same rural groups, say Miss Falk and Mr. Huss, there is a favorable general attitude toward the Alliance for Progress but widespread criticism to the effect that the common man receives virtually no benefits from the program, the aid having been siphoned off by dishonest politicians. The student propagandists did not frontally attack the Alliance but claimed that there is no hope for its success under the present government.


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Brasilia Office

Both Americans agreed that the three Peace Corps Volunteers in Goiás are well-trained and are being well-received.

For the Ambassador:


Harry Weiner
Second Secretary of Embassy

APPROVED:


Philip Rairge
Counselor of Embassy
for Political Affairs

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INCOMING TELEGRAM

Department of State

PERMANENT RECORD

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TO: Secretary of State

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ACTION DEPARTMENT 242, INFORMATION RIO DE JANEIRO PRIORITY 2.

RIO DE JANEIRO EYES ONLY AMBASSADOR

FOR PRESIDENT KENNEDY AND SECRETARY OF STATE FROM AMBASSADOR
ARTHUR H. DEAN

LIMIT DISTRIBUTION

Mello Franco de Arinos, head Brazilian delegation on disarmament
Geneva called on me in Paris today and asked me send following
message

1: President Goulart has asked him to return Rio immediately
and assume Office Ministry Foreign Affairs and he will arrive
Rio Sunday.

2: Army is giving President Goulart full support but Navy, which
is not as powerful as Army, is causing trouble.

3: Mello Franco who is well disposed to US and intelligent
professor of law and international scholar considers Goulart
well disposed toward democracy and parliamentary institutions
but believes he badly needs United States help and guidance.

③ 4: Stated financial situation was not good and because of
crop failure, inflation and two capitals, there was considerable
unrest and agitation by labor unions and students.

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INCOMING AIRGRAM

Department of State

732.00/7-1662

RR 732.00 PAGE 1 OF 8 PAGES

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Date Sent: JUL 16 1962
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Action
ARA-4

FROM: Amconsul SANTOS *del*

TO: Secretary of State

NO: A-1

Subj: Comment on Events in Santos July 1-13, 1962

Info
RM/R-2
REFI
NSA-4
INR-5
E-3-2
AID-11
PM-1
CIA-10
NSA-3
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AIK-3
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- 9. U. S. Steel Interested in COSIPA?

MILITARY

- Navy
- 10. Santos Naval Officer Transferred to Rio

SOCIOMEDICAL

- 11. Poliomyelitis Vaccinations

Ieland A. Pyle/lap

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POLITICAL1. General

Political interests in Santos during the period July 1-13 was concentrated almost entirely upon events at the center of government. "Shenanigans" in the City Council, where a member of the opposition asked for Mayor José Gomes "impeachment" (highly unlikely) failed to attract any attention. Few political rallies were held; dona Eloa, wife of Janio Quadros, spent one day in Santos in an endeavor to enlist support for her husband's candidacy for the governorship of São Paulo. In addition to the crisis in the Federal government santistas were plagued with a plethora of troubles such as a 24 hour general strike, a strike of bottled gas workers, a shortage of gasoline, and sporadic shortages of rice, sugar and bread. Under such circumstances it is not surprising that local politics were relegated to the background. (UNCLASSIFIED)

2. San Tiago Dantas Addresses Santos Laborers

Francisco Clementino de San Tiago Dantas, former Minister of Foreign Relations and the recent unsuccessful nominee for the Prime Ministership addressed the workers of Santos on July 13 at the invitation of the Forum Sindical de Debates (City Labor Central). In his address San Tiago Dantas bitterly criticized the Congress. He stated that "agricultural reform was urgent and inevitable;" that changes should be made in the banking system (he did not elaborate); that Brazil is an "eternal slave of the trusts;" that "man is being exploited by man." He added that he felt "a certain sadness" at the rejection of his name for the Prime Ministership. In the forthcoming elections, he continued, the workers should "free the Congress, which is in the hands of reactionary forces." He stated that he would not be a gubernatorial candidate in São Paulo, or Minas Gerais, but would run for the Federal Congress so that he might "defend the oppressed." (UNCLASSIFIED)

Comment: His reasonably moderate speech probably disappointed the extreme left wing leadership of the Forum. Prominent leftist present included Geraldo Silvino de Oliveira, president of the Forum; Maria Prestes Lala, wife of the Mayor of São Paulo and Walter Uzzo president of the Centro Acadêmico Alexandre de Gusmão, a student association of the Faculty of Law in Santos (see Santos despatch 41, June 27, 1962). (OFFICIAL USE ONLY)

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3. State Secondary Students Conference

The XIII State of São Paulo Secondary Students Conference held in Santos from July 7 to 13 proved to be a fiasco. Disruptions caused delay in securing accommodation for visiting students, and caused postponement of scheduled meetings. Upon one occasion the police had to intervene to preserve order. (Unclassified).

Comment: Leftist students were unable to secure control of the Congress from the moderate group who stoutly resisted efforts to dislodge them. (Official Use Only)

4. General Strike Possible on July 18th

Rumblings were heard this past week among the longshoremen in the dock area that Santos may be faced with a dockworkers strike on July 18. At the same time it was reported there would be a concerted move to make the strike effective in all the ports of Brazil, particularly Rio de Janeiro, Recife and Belem. Impetus for this strike comes from the Sindicato dos Estvedores (Stevedores union) which is affiliated with the National Federation of Longshoremen. The National Federation is demanding that the Federal Congress approve proposal 850 introduced in Congress in 1955. The proposed legislation, now pending in the Congressional Committee of Economy, has been delayed and considerably modified through the intervening years by the lobbying efforts of the shipping agents, who would virtually lose all control over the longshoremen were the proposed legislation enacted into law. This would result from the fact that Article 255 of proposal 850 would limit employment of stevedores and longshoremen to government owned agencies or "ship owners." Another article, number 261, proposes that stevedoring when it cannot be performed by a government agency or an "owner," must be performed by the union. Since the shipping agents are not "owners", but representatives of ship owners, passage of the proposed bill would give the union virtual control of stevedoring.

The communist directed Forum Sindical de Debates (City Labor Central) supports the demand of the Stevedores Union that the Federal Congress pass the proposed legislation. (OFFICIAL USE ONLY)

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Comment: The proposed legislation would appear to have a long way to go before congressional consideration is given to its enactment. Mr. Charles Edwards, a member of the firm of Agencia Maritima Dickinson, the largest employer of stevedores in Brazil, told the reporter this past week that proposal 850 would go to the Congressional Committee of Finance after it left the Committee of Economy and be carried to the Security Council before it would be presented to Congress. Without saying so he was evidently expressing the hope of the shipping associations that the proposal would be "pigeonholed." Mr. Edwards felt that a strike was a distinct possibility on the 18th. Mr. David Anderson, Santos manager of Moore-McCormack, told the reporting officer a few days ago that he had been informed by one of his employees that President Goulart had called officers of the Stevedores Union to Brasilia on July 10th and bluntly told them not to go on strike.

Nevertheless, Moore-McCormack has reduced the time the S.S. Brazil will remain in Rio to one day, so that it can enter and leave the port of Santos on the 17th. The vessel was originally scheduled to be in Santos on the 18th. (LIMITED OFFICIAL USE)

5. Reaction to General Strike of July 5

A veritable barrage of advertisements has regularly appeared in Santos newspapers since the 24 hour general strike declared by the Forum Sindical de Debates (City Labor Central) on July 5, 1962. The Santos City Council; the City Council at Cubatão both passed resolutions condemning the general strike and issued proclamations which stated that they would not permit a minority "in the service of the Communist Party of Brazil to create tumult in the city." Both the resolutions and the proclamations were officially published in bold type in the newspapers. Commercial and business associations in Santos and São Vicente; the Catholics of Santos and numerous other groups published advertisements condemning the Forum. Evidently stung by the criticism the Forum placed advertisements in the papers in defense of its course of action.

A Tribuna, the largest newspaper in Santos, editorially condemned the strike in a series of editorials. The paper stated that the strike was "illegal," and displayed "a lack of prudence and good sense." Leftist O Diario, perhaps sensing the popular reaction against the strike, refrained from making any comment. (UNCLASSIFIED)

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Comment: Santos' second 24 hour general strike (the first occurred on May 8, 1962) was soundly condemned by most people. Business was paralyzed, all transportation was halted except the railroads and the port shut down (see Santos telegram number 2, July 5, 1962). Fortunately there were no incidents.

The Forum however, may have overplayed its hand by calling the second strike so soon after the first. It is now commonly known that the Forum is directed by a minority of Communists.

6. Bottled Gas Workers Strike

The bottled gas workers in Santos went on strike at 12:01 on July 11 but voted to return to work at 7 A.M. on July 14 when they were given a 25% increase in wages plus other benefits. Also effected were gasoline supplies which forced the closing of 171 service stations in Santos. (UNCLASSIFIED)

Comment: The strike added to the trials and tribulations of the santistas who were beset by a ten day strike about a month ago of the workers producing artificial gas. The drivers of gasoline trucks will doubtless return to work shortly, now that the bottled gas workers have agreed to accept the 25% increase. (OFFICIAL USE ONLY)

7. Soviet Freighter Carrys Scientists

The Soviet S.S. Kujbishevges arrived in Santos on July 9, 1962 to load cotton for Riga, the next scheduled port of call. One of the two shippers of the cotton to be taken on board is an American firm, Anderson, Clayton & Cia. (UNCLASSIFIED)

Comment: A reliable informant told the Consulate this past week that the S.S. Kujbishevges left Porto Alegre on June 29, called at Rio Grande on June 30 and made a one day call at Montevideo on July 1 to pick up a man. The informant declared that the vessel was carrying six Soviet Scientists who were making oceanographic studies and taking soundings; that the ship had taken a very circuitous route between Montevideo and Santos (normally about a three day run) to enable the scientists to pursue their studies. The vessel had been anchored in the stream since its arrival in Santos. The informant stated that he will provide the Consulate with a crew list when the ship comes alongside the dock during the week of July 16; that he felt confident that he could identify the six scientists aboard. Upon receipt of the information the Consulate will forward the names to the U.S. Naval Attaché at the Embassy in Rio, in accordance with its customary practice. (LIMITED OFFICIAL USE)

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8. Port Congestion

Congestion in the port of Santos which has been on the increase for the past several weeks has now begun to subside. At one time during the period July 1-13, 53 ships were anchored in the stream or in the channel awaiting to come alongside the dock, (a formidable figure but below the all-time high). On July 13 there were 72 ships in the port, only 32 of which were awaiting berthing. Due to the congestion the shipping lines belonging to the U.S.-Brazil-Canada Freight Conference reimposed the 15% surcharge on all goods imported from the U.S. East and Gulf Coast ports through Santos; the lines belonging to the European Conference will place the same surcharge in effect on July 16 for freight destined for Santos from European ports. The congestion prompted Moore McCormack Steamship Company on July 12 to make the unusual step of transferring cargo intended for Santos from the s.s. Normanland to the s.s. Normanland in Rio de Janeiro so that only the latter vessel need enter Santos. (Unclassified)

Comment: This is the time of year when the port tends to become congested. The reasons for the congestion however, usually vary from year to year. The present congestion results from 1). The May 8th and July 5th twenty-four hour general strike which tied up the port (see Item 5) 2). The reluctance of shipping agents to pay for overtime work. 3). A tendency for labor to "slow down" in the late afternoon in those instances where shipping agents hope to complete loading by 5 P.M. so that the ship can get underway shortly thereafter, thus forcing payment for overtime work, or necessitating an additional day in port (the stevedores are fully aware that a couple of hours overtime will doubtless cost the owner or agent less than an additional day in port). 4). The high cost of operation in this port. The Santos dockworkers are among the highest paid labor in the State of São Paulo.

Congestion has diminished because 1). the Santos Dock Company has endeavored to make more labor available. 2). The shipping agents are now generally paying for overtime work.

The much too frequent congestion in this port however, is a matter of grave concern to many people in Santos, who envisage a decline in the importance of Santos. They feel that shipping from this port, the largest in Latin America from the standpoint of tonnage, will tend to be diverted to Rio and to the smaller ports north and south of Santos. (Official Use Only)

9. U.S. Steel Interested in COSIPA?

Mr. Raymond Wilson, a former Economic Officer at the American Embassy in Rio de Janeiro for several years following World War II, who is now in charge of foreign personnel at the Companhia Siderurgica Paulista (COSIPA), informed the Consulate during this past week that the United States Steel Corporation was negotiating for a 33-1/3 to 40% interest in the new steel plant now under construction in nearby Cubatão. U.S. Steel has six engineers working at Cubatão on the project (as does

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Westinghouse International) where about 11,000 people are now employed on construction work. COSIPA is expected to be the largest steel mill in Brazil when finished and, it was stated, will employ about 16,000 workers. (Official Use Only)

Comment: This is an interesting development, which if consummated, would align U.S. Steel with the Brazilian National Bank for Economic Development (BNDE) and the State of São Paulo. (It is the reporting officer's understanding that the BNDE and the State of São Paulo are the principal stockholders at present). Mr. D.I. Aspell, U.S. Steel construction engineer, while expressing misgivings about the site of the plant (not the Cubatão location *per se*, but the fact that swampy land was chosen, necessitating driving tens of thousands of piles, rather than high ground which could also have been obtained adjoining the Cubatão channel), has told the reporting officer that the plant will be much more modern than any of U.S. Steel's mills. Mr. Aspell added that Hesta Machine Company, the largest builder of steel mill equipment in the United States, was supplying the latest designs to an Italian company which was able to produce the equipment much cheaper than Hesta itself. (Official Use Only)

10. Santos Naval Officer Transferred to Rio

Antonio JOVINO PAVAN, the second highest ranking officer in the office of the Captain of the Port in Santos, was promoted to *Capitão de Mar e Guerra* (Captain of Sea and War) a few days ago. At the same time it was announced that he would be transferred to Rio de Janeiro. (Unclassified)

Comment: Pro-American Captain Pavan and his attractive wife, *dona* Dorinha, have been popular members of Santos society. Captain Pavan has completed a normal two year tour of duty in Santos. The Pavans are pleased that they are going to Rio where both were born. Captain Pavan has spent some time at the Submarine Base at New London, Connecticut and wears the U.S. Navy submarine insignia. He speaks some English but prefers Portuguese. He has been extremely friendly with this Consulate and was most cooperative during the visit of the USS Oxford in February 1962. (Official Use Only)

11. Poliomyelitis Vaccinations

Nearly 50,000 children in the Santos area (Santos, São Vicente, Guarujá, Cubatão and adjoining districts) were vaccinated during a state campaign against poliomyelitis which started on July 5. Sabin oral vaccine was used. A local Brazilian doctor informed the reporter that the vaccine was manufactured in Canada. (Unclassified)

Comment: The number of children vaccinated was below estimates made earlier by State of São Paulo medical authorities. In explanation they stated that the number of children living in the area had been overestimated and that "about 16%" had received the vaccine in São Paulo or other cities in the State. More

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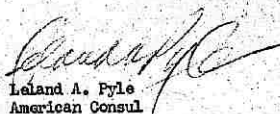
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Importantly the Forum Sindical de Debates (City Labor Central) was roundly criticized by goodly numbers of the population because transportation was lacking at the start of the campaign on July 5, due to the general twenty-four hour strike called by the City Labor Central (see Item 5). (Official Use Only)


Leland A. Fyle
American Consul

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DEPARTMENT OF STATE

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HANDLING INDICATOR

TO : DEPARTMENT OF STATE, Washington, D.C. AM 9 08

RM/AN
ANALYSIS & DISTRIBUTION
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FROM : AMCONSUL, Belo Horizonte DATE: July 18, 1962

SUBJECT : BRAZILIAN ELECTIONS 1962 - Supplemental Status Report No. 3

State of Minas Gerais

REF : Consulate's Desp. No. 37, June 28, 1962

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
JUL 26 1962
file EST/B/State
7/26/62

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2. Unlikelihood of Center Parties Alliance

1. Campaign Activities of the Social Democratic Party

The Social Democratic Party (PSD) formally opened the campaign for the October elections with a meeting on July 13 between Minas Gerais Senator Benedito Valadares, who is the president of the State PSD, Senator for Goias Juscelino Kubitschek, PSD State deputies, and members of the Party's executive committee. The chief purpose of the meeting was to make plans for the campaign and discuss possible candidates for the State Legislative Assembly and Chamber of Deputies. A State convention of the Party will have to be called eventually to approve the proposed candidates. Until then no official announcement of candidates will be made, although it is generally assumed that virtually all incumbents will run for reelection.

In a statement to the press, Senator Kubitschek declared that he will participate actively in the electoral campaign throughout the State of Minas Gerais. He also said that he will not prosecute about the question of what is the best form of government. Pressed for a statement, Senator Valadares excused himself by saying that it had been agreed that on this particular occasion only Senator Kubitschek

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FORM 4-62 DS-323

Contents and Classification Approved by:

Drafted by: *ESB*
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7/17/62

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Airgram No. A-3
Page: No. 2
From: Belo Horizonte

would talk to the press.

Since July 13 at least two PSD meetings have taken place in the interior of the State under the leadership of Senator Kubitschek. At one of these Senator Valadares also took an active part. In the last few days other high ranking party leaders have stepped up the pace of their political activity. Among them are Federal deputies Tancredo Neves, Gustavo Capanema, Paulo Finheiro Chagas, and former Minister of Finance under Kubitschek, Jose Maria Alkmin.

Comment: Indications are that former President Kubitschek will play a leading role in the electoral campaign, and that although the form of government may not become an open issue it will be implicit in Kubitschek's campaigning in view of his well known and strong views in favor of presidentialism. Because the Party is divided on the subject, the leaders will try to avoid a public rift. Senator Valadares' refusal to make a statement to the press in the presence of Kubitschek may have been motivated by no other reason than the desire to keep out of the campaign the question of what constitutes the best form of government for Brazil.

2. Unlikelihood of Center Parties Alliance

Talk of a possible alliance of the center parties at the national level has met with little favor in the State. This reaction stems in large part from the historical rivalry between the National Democratic Union (UDN) and the PSD. At least in 400 of the 485 municipalities in the State, the UDN and the PSD have stood in opposition to one another since 1945, with political power alternating between the two parties. For this reason, the consensus is that regardless of the conservative nature of the two parties, no alliance that contains both parties is likely within the State. No one, however, is so bold as to preclude the possibility of a narrow alliance for a limited purpose, such as the election of an individual candidate.

Edmund A. da Silveira
Edmund A. da Silveira
American Consul

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DEPARTMENT OF STATE
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JUL 20 1962
file JAA
7/20/62

FROM : Amcongen SÃO PAULO

SUBJECT : Weekly Summary No. 29

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POLITICAL

1. CARVALHO PINTO all but Admits Presidential Aspirations

Governor Carvalho Pinto's stature and popularity have inevitably led to mention of his name for the 1965 presidential race -- there have even been polls which showed him strong outside his home State -- But until July 14 he had never commented on various impromptu "nominations" from his admirers. On that date, however, administration gubernatorial candidate José Bonifácio Coutinho NOGUEIRA and senatorial candidate Antonio QUEIROS Filho specifically urged the Governor to run for

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President during a rally which Carvalho Pinto attended. According to press reports, the Governor then took the microphone and admitted the need of "giving the nation the progress and development which São Paulo has had in the last four years." (UNCLASSIFIED)

Comment: This is about as close to an unequivocal statement as the discreet Mr. Carvalho Pinto ever gets. Even if José Bonifácio is elected, of course, there are many obstacles in the way of Carvalho Pinto's ascension to the Presidency (such as one Juscelino KUBITSCHKEK); but the July 14 developments at least seem to settle the question of his interest. The Governorship has tired him, and his close friends have often claimed that he would prefer to retire from public life. His new "candidacy" should at a minimum breathe some life into José Bonifácio's unspectacular campaign, as São Paulo would like to work toward regaining the national leadership which it lost when Jânio QUADROS resigned. (LIMITED OFFICIAL USE)

2. COSTA LIMA Accepts Ministry of Agriculture

Renato da Costa Lima quickly accepted his invitation to be Minister of Agriculture. It put the young (forty-five) Paulista farmer back in the limelight -- which he enjoys -- and furnished a belated but honorable excuse for his withdrawal from the gubernatorial race (Weekly Summary 28). He told the São Paulo press that he planned "blitz" tactics to increase agricultural production. Items in his program: (a) "democratization" of rural credit, making it really available to those who produce"; (b) lowering the presently inaccessible prices of fertilizers and insecticides; (c) guaranteeing fair minimum prices to farmers; (d) building a "vast network of warehouses and silos in the producing zones." (OFFICIAL USE ONLY)

Comment: This may well be one of the new Cabinet's best appointments. Costa Lima somehow manages to retain the confidence of both the right -- in the form of large farmers and coffee growers -- and the left. He is a member of the moderate wing of the Brazilian Labor Party (PTB). (See Despatch 321 of June 27, 1962 for additional information on Costa Lima.) (LIMITED OFFICIAL USE)

3. Ermírio de MORAES Invited for Minister of Industry

The most controversial of two São Paulo figures invited to join the new Cabinet is sixty-two-year-old José Ermírio de Moraes, a native of Pernambuco who became one of the wealthiest of São Paulo industrialists. In a telegram sent to Recife -- where he is running for the Senate -- the São Paulo Federation of Industries urged him to accept. It was not at all sure that he would give up his candidacy to do so. (UNCLASSIFIED)

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Comment: Though Moraes and his sons were educated in the United States and have often gone out of their way to cooperate with the Consulate General, Moraes Senior has been a leader of the nationalist/protectionistic wing in São Paulo industry. This wing contributed knowingly to the success of leftist profits remittance legislation (Despatch 172 of December 20, 1961), though the result may not have been quite what it had in mind. The latest annual report of Moraes' industrial group (Weekly Summary 20) was in the worst leftist/nationalist tradition of xenophobia. Moraes has an electoral alliance with far-leftist Recife Mayor Miguel ARRAES, and some of his São Paulo political pals appear to be equally smelly. In short, Moraes -- if he accepts the Ministry -- cannot be expected to be entirely a bastion of conservatism. (LIMITED OFFICIAL USE)

4. Democratic Secondary Students Win Election

For the first time in several years, democratically oriented students won away from the Communists the control of the São Paulo Union of Secondary Students (União Paulista de Estudantes Secundários -- UPES). They succeeded in electing a chairman to preside over a Congress just held in Santos. He moved its location from the Communist-dominated Port Workers' Union to an auditorium not subject to outside pressure. By carefully screening delegates' credentials, the Chair was reportedly able to prevent the usual packing by Communist agitators. When after several exhausting sessions it became clear that an honest vote would be held, the Communist delegates walked out. The new, democratically-inclined officers plan to continue their fight in the national secondary student elections to be held soon in Rio Grande de Sul. (UNCLASSIFIED)

Comment: While the whole story is not yet known, keys to the victory were apparently two: (a) quiet organization and preparation, allowing the democratic students to elect a sympathetic Chairman by surprise; (b) a willingness to fight which is not always found even in the older university students. São Paulo democratic groups have shown increasing resistance lately, counterbalancing growing Communist agitation (see Item 8). That the democratic majority is still behind in determination and organization, however, is evidenced by continuing Communist control of most student unions. It would not be surprising to see this control weaken further in the next few years. (LIMITED OFFICIAL USE)

5. Catholic Students Grilled on Leftist Leanings

The São Paulo Catholic university students' organization (Juventude Universitária Católica -- JUC) has been one of the strongest adherents to the fussy "left wing" Church line (Despatch 291 of June 5, 1962), which preaches

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"neither communism nor capitalism" but often prefers to cooperate with the former. Six hundred students from Minas Gerais, reportedly including prestigious names, have now given the São Paulo JUC a message which puts it neatly on the spot. The Mineiros take articulate exception to the Paulista students' line and ask them to define precisely their position on "Christian socialism," capitalism and private property, university "reform," and so on. Key question: "There is a current which, claiming to deplore the Communist presence in the National Students' Union (UNE), nevertheless believes that Catholics should cooperate with the Communists.... Another current wishes to free the UNE of all socialist or Communist influences.... What is the position of JUC? Is it in agreement with one of the above positions? Or does it have a third position? If so, precisely what is that position?" (LIMITED OFFICIAL USE)

Comment: Forthcoming UNE elections are presumably the catalyst for this message. The reply, if it comes, should be most interesting. Informed students say that JUC could take the balance of power away from the Communist students if it changed its policy of cooperation with them. Unfortunately, no such change seems to be in the immediate offing. (LIMITED OFFICIAL USE)

6. DANTAS Tailors Speeches to Audiences

In a speech to the São Paulo Rotary Club, ex-Prime Ministerial hopeful Saa Thiago Dantas (according to press reports) found inflation the most immediate problem confronting Brazil. He attacked government jobbery (empreguismo) as one of the worst contributors, because of its aggravation of the government deficit which was the prime cause of inflation. Dantas described other sensible measures needed to control the depreciation of the cruzeiro. He thought it necessary to "promote the return of Brazilian capital now domiciled in countries like the United States and Switzerland.... Brazilian capital abroad amounts to half again the maximum we can hope to receive from the Alliance for Progress." The return would come about if there were "conditions favorable to the capitalists. It is necessary to establish a minimum of coincidence between the interests of the capitalists and those of the country."

Speaking at a Communist-controlled union two days later, the former Foreign Minister defended his foreign policy in traditional Dantas style. At another Communist-dominated union in Santos, he reportedly announced plans to form a "popular front" to clarify public opinion for the coming elections. He found the present crisis useful in that it had polarized the opposing fields: "reactionary" vs. "popular." (OFFICIAL USE ONLY)

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Comment: What Dantas did not mention to the Rotary Club was that his Brazilian Labor Party (PTB) is the most prominent opponent of the measures he advocated. The Brazilian left, for example, prefers to blame inflation on factors other than the deficit and has been remarkably successful in distracting the public in this regard.

It remains to be seen what Dantas' "popular front" will have that several others have not. (LIMITED OFFICIAL USE)

7. Adhemar vs. the "Brazilian Socialist Republic"

A group called the "Democratic Youth Front" (Frente da Juventude Democrática -- FJD), denouncing the existence of a "revolutionary conspiracy," said that Adhemar de BARROS had seen a manifesto which proclaimed Brazil a "Socialist Republic" with the signatures of Jânio Quadros, Leonel BRIZOLA, Miguel ARRAIS, Mauro BORGES Teixeira, and Francisco JULIÃO. Barros formally denied this but shortly thereafter did say over television that a Communist conspiracy led by certain labor leaders was attempting to take over the country. (UNCLASSIFIED)

Comment: Barros told Professor Henry A. Kissinger of the same manifesto (Weekly Summary 24). It is still not clear, however, how much of his report was truth and how much was Adhemar. (CONFIDENTIAL)

8. Communist-Inspired Agitation on the Upswing

A series of Communist or far-leftist meetings scheduled for São Paulo during the next six weeks promises to keep the local agitators' pot boiling. These meetings are:

1. First People's Convention on July 23, organized by Communist, crypto-Communist and leftist-nationalist opportunistic politicians, labor leaders, students, intellectuals, artists, women's organization leaders, and that ill-defined but often deluded "o povo" (the populace), in favor of a "democratic, nationalist" government. Among the signers of the manifesto of convocation are San Thiago Dantas, Maria PRESTES MAIA (wife of São Paulo's Mayor), and Dante PELLACANI, Vice President of the National Confederation of Industrial Workers (CNTI).

2. Meeting of Communist and fellow-travelling Paulista labor leaders on July 29 to launch a new version of the discredited and extinct Inter-union Unity Pact (Pacto de Unidade Sindical -- PUI). The revised Unity Pact is to

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coordinate efforts of local Communist-controlled unions following the dismal flop in São Paulo of the July 5 political general strike (see Weekly Summary 28). Communist attempts to recruit non-Communist labor leaders into the new Unity Pact seem to have borne little fruit so far.

3. National Convention of Bank Workers on August 14-15, organized by the Communist-dominated National Confederation of Workers in Credit Institutions (CONTEC).

4. Fourth National Union Meeting on August 17-19, organized by the Communist-influenced CNTI and Communist-dominated CONTEC, with Federal Government financial support. The Communists are trying to give the Fourth Union Meeting the appearance of a Brazilian National Labor Congress which will be made to sponsor a new Communist-controlled Latin American Trade Union Federation (prominently featuring the Communist-dominated Cuban Labor Confederation -- CTC) at a Labor Conference in Santiago, Chile on August 31-September 2. At this early date it appears that relatively few (if any) non-Communist Paulista union leaders will participate in the Fourth Union Meeting.

5. First Congress of National Liberation on August 20-22 in São Paulo State (exact site unspecified). Apparently this Congress was scheduled originally for July 15-17 in Goiânia. (LIMITED OFFICIAL USE)

PSYCHOLOGICAL

1. Local Press Reaction

BRAZIL'S NEW CABINET - The formation of Brazil's new cabinet by recently-appointed premier Brochado da ROCHA (PSD) was seen by most local newspapers as a necessary action to solve the ministerial crisis. In editorials appearing this week there was apparent the feeling that Brochado da Rocha is being used by GOULART as a stepping stone in the latter's maneuvering to secure the annulment of the Ato Adicional (constitutional amendment establishing parliamentarism) and the return of presidentialism. The selection of the new Prime Minister, a former Secretary of Justice in Governor Lencel Brizola's cabinet, was met with pessimism by the local press in general, with the exception of A Hora, Jânio Quadros' mouthpiece, and Assis CHATEAUBRIAND's Diario de S. Paulo, and Ultima Hora. A Hora described him as "a southern politician who deserves confidence," stressed the fact that he plans to accomplish the transformation of Brasilia into Brazil's 'de facto' as well as 'de jure' capital, and warned against a possible coup, emphasizing that "what is most needed is the removal of those (individuals) blocking reforms...." Diario de S. Paulo favored Brochado da Rocha's appointment commenting that "the people

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trust Mr. Francisco Brochado da Rocha," and adding that "we urgently need to bury parliamentarianism." Other reactions ranged from O Estado de S. Paulo which opined that the new premier is a pawn of President Joao Goulart, "whom Brazil should fear most in this crucial moment" of her history. O Estado accused the premier of participating in an attempt by President Goulart to promote a general plebiscite for the scrapping of parliamentarianism. Brochado da Rocha, according to O Estado, "...has the sole task of continuing the 'wear and tear' process of the regime and increasing the tension among the parliamentarians." A Gazeta was somewhat neutral in appraising Brochado da Rocha's appointment, stating, however, that his approval by the Chamber of Deputies "amounts to a personal victory for the new premier," and that the premier's "plan for governing is a firm one in accordance with the country's current progress." Folha de S. Paulo observed that under other circumstances Brochado da Rocha's designation as prime minister would not have been approved and that "only the sincere wish to end the political crisis...explains the strong support given by the Chamber of Deputies to the third name proposed by President Goulart for the premiership of Brazil."

"TELSTAR" - COMMUNICATIONS SATELLITE - In spite of the rather limited editorial reaction received by "TELSTAR," American scientists scored a solid victory for the prestige of Uncle Sam. The newest and most spectacular communications satellite launched by the United States ranked in importance with the news of the new Brazilian cabinet and shared the front pages and the headlines of São Paulo's newspapers. O Estado de S. Paulo was prompt to react to the United States' accomplishment, pointing out that it has more importance for the man-in-the-street than the orbital flights by Soviet or American astronauts because it will affect his daily life more directly. O Estado added "that the Russians probably were not able to accomplish this feat...because the USSR must produce a 'global missile' and a vehicle to carry a two-hundred megaton bomb." A Hora also applauded the "TELSTAR," saying that "this time the Russians and the 'Soviet' science were badly shaken... (by the event)." (UNCLASSIFIED)


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Minister Consul General

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PRIORITY HANDLING INDICATOR

1962 JUL 20 AM 9 23

Department of State

RM/AN ANALYSIS & DISTRIBUTION BRANCH

Jm

JUL 19 1962

FROM : Amembassy Rio de Janeiro

DEPARTMENT OF STATE BUREAU OF PUBLIC AFFAIRS July 18, 1962

SUBJECT :

Brazilian Elections 1962 - Report No. 18:
A Status Report - Espirito Santo
Brazilian Elections 1962. Report No. 1,
Despatch 891 of May 14, 1962

REF :

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Contents and Classification Approved by:

Drafted by: **POL:FMiceletta:RDC**

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I. General

The small state of Espirito Santo, lying along the Atlantic coast north of Rio de Janeiro State and just south of Bahia, will elect a governor and vice-governor, two federal senators, seven federal deputies, and numerous state and municipal officials in the October elections.

Since the post-World War II boom in coffee, agricultural Espirito Santo's hilly terrain has been planted mainly in this crop. But not even the state's boosters ever claimed that its coffee was of high quality, and in today's saturated markets it finds few buyers. In recent years, therefore, attempts have been made to diversify the state's agricultural production. Beef-raising has been expanded throughout the state. In the South more land has been put to basic food crops. The timber resources of the North are increasingly exploited. But the state's main hopes for a solution to its problem--not yet critical--of growing unemployment and underemployment (coffee-cultivation needs more farmhands than other crops or livestock-raising) have been placed on industrialization.

As in Brazilian politics in general, Espirito Santo's political contests are between personalities. But as a result of the state's economic troubles the candidates have all seized upon the issue of economic development or desinvolvementism as the main issue around which to conduct their campaigns. Appended to that issue is a corollary one: public assistance programs. There are no significant differences between what the various candidates and parties are promising the voters.

The PSD (Social Democratic Party)* has dominated Espirito Santo's political life since the end of the Vargas dictatorship. Only once since 1945 has the party failed to elect its gubernatorial candidate and then (1954) it was a PSD dissident, Francisco Lacerda de Aguiar, who won. Three of the present seven Federal Deputies are PSD men (two are PTB, one UDN, one PRP). Two of the three Federal Senators are also PSD men. PSD dissidents, as in the case of Aguiar, often supply candidates to the other parties. Nor does the PSD reject collaboration with other parties as a means of further increasing its influence; for example, in order to beef up its voter appeal in October, the PSD has obtained PTM support for its ticket by accepting two PTM candidates for inclusion on it (see below).

*See Despatch 960, Enclosure 4 for party descriptions.

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The UDN (National Democratic Union), PTB (Brazilian Labor Party), PSP (Social Progressive Party), and PRP (Popular Representation Party) all have some strength in Espirito Santo. In opposition to the PSD, however, they are effective only in alliance. This year's united front is called the Coligacao Democratica. Electoral bases for the minority parties, especially the PTB, are the more heavily populated areas, namely Vitoria and Cachoeiro de Itapemirim, where expanding commercial and industrial centers have given rise to labor unions. This is not to say, though, that a clear-cut division on ideological grounds as yet exists between all candidates of the PSD and those of the minority parties, even the PTB. Candidates of all parties are drawn almost exclusively from the ruling upper classes or the middle classes and, as will be seen below, for the most part represent moderate to conservative opinion.

Labor unions are, nevertheless, a political factor in the state, though they will not be a decisive one in the '62 elections. The main ones are: the railway workers union, Sindicato dos Ferreirarios; the dock workers union (in the port city Vitoria), Sindicato dos Arrumadores; the stevedores union, Sindicato dos Estivadores; and the union of commercial workers, Sindicato dos Comerciantes. The railway workers and stevedores unions are Communist-led or controlled, the others infiltrated to some degree. The commercial workers union is weak.

The state's principal newspapers are published in Vitoria, the capital. None has a large circulation; each has a party affiliation and sample readings indicate they are heavily partisan. In order of reported importance in terms of circulation they are: A Gazeta, PSD (owned by present Governor Carlos Lindenberg's brother-in-law); O Diario, UDN; A Tribuna, PSP. A Communist newspaper, A Folha Capixaba, has a small readership in the capital.

II. Classification of Espirito Santo Political Incumbents and Possible Candidates (According to categories established in Brazilian Election Report No. 1, Amembassy Rio Despatch 891)

A. Fellow Traveler or Useful Innocent (Category II)

1. Federal Deputy RANON de OLIVEIRA NETO, PTB.
2. RUBEN GOMES, MTR.

B. Leftist Ultra-Nationalist (Category III)

1. Federal Deputy RUBENS RANGEL, PTB.

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G. Centrists (Category V)

1. MOACIR BROTAS, PSD-PTN, candidate for vice-governor.
2. EURICO RESENDE, UDM, candidate for Senator.
3. RAIMUNDO de ANDRADE, PSD-PTN, candidate for Federal Deputy.
4. Federal Deputy DIRCEU CARDOSO, PSD.

D. Conservatives (Category VI)

1. Governor CARLOS LINDBERGH, PSD.
2. Vice-Governor RAUL GIUBERTI, PSP (PSD).
3. Francisco LACERDA de AGUIAR, Coligacao Democratica candidate for governor.
4. Jones dos SANTOS NEVES, PSD, candidate for governor.
5. JOAO CALMON, PSD, candidate for Federal Deputy.
6. Napoleao FONTENELLE da SILVEIRA, PSD, candidate for Federal Deputy.
7. DARCI Pacheco de QUEIROZ, PSD.
8. Antonio GIL VELLOZO, UDM, candidate for Federal Deputy.
9. Federal Deputy Asthenio BAGLIERA LEAL, UDM.
10. Federal Deputy OSWALDO ZANELLO, Vieira da Costa, PRF.

III. The Governorship

A. The Incumbent. CARLOS LINDBERGH, PSD.

Born January 13, 1899, at Cachoeiro de Itapemirim, Espirito Santo. Member of one of the wealthiest land-owning families in the state, Lindenberg was educated in law and has spent most of his years in public life. He has been governor twice, federal deputy twice, and has held a variety of public administration jobs. He is rather tall for a Brazilian, of medium build, has gray hair retreating from a bald brow; together with his careful, measured speech, his appearance makes him seem ponderous, but he has a sense of humor and a pleasant personal manner. Admittedly conservative, he believes in evolving with the times lest uncontrollable pressures for violent change build up among the people. He is credited with beginning public works programs in Espirito Santo during his first term as governor (1947-1950),

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continued by his successor Jones dos Santos Neves, and resumed by Lindenberg, after the interregnum of the Aguiar government, in his present administration. In his reliance on "developmentism" he recalls Juscelino Kubitschek, but Lindenberg claims a difference in that he believes in aiding agriculture as well as industry. Very highly respected, honest, his election as Senator is regarded as certain. Lindenberg is PSD leader in Espirito Santo; pro-US. Conservative.

B. Candidates

1. Jones dos SANTOS NEVES, PSD. Fifty-eight years old, a pharmacist by training who has been manager of several banks, Neves has already governed Espirito Santo twice. The first time was as interventor under the Vargas dictatorship, the second (1950-1954) as successor to Carlos Lindenberg. Effectively continuing Lindenberg's public works programs, Neves made a good record as an administrator. However, a number of public works scandals (in which he was not personally involved) came to light toward the end of his term and reportedly caused the PSD to lose the governorship for the subsequent term to PSD dissident candidate Lacerda de Aguiar. Neves is of medium height, heavy, wears glasses and has a studious appearance; he is poised and reserved but can relax in small gatherings. Late in starting his campaign, he is working hard to catch up to his opponent. With Lindenberg's help he has a good chance to win. Pro-US. Conservative.

2. Francisco LACERDA de AGUIAR, Coligacao Democratica. Born October 31, 1904 to a traditional Espirito Santo family, "Chiquinho" was educated as an engineer and has divided his time between agriculture and politics. After a start in municipal positions he was elected federal deputy in 1950, leaving the Chamber in '54 to become governor of Espirito Santo. From all accounts Aguiar's appearance of resoluteness--he is stocky, granite-jawed--is belied by his character. A good mixer, a fun-lover, simple, like the girl in "Oklahoma!" Chiquinho can't say no. His previous term as governor was one of bad administration: poor appointments; waste of state funds; halt in public works projects. Nevertheless, he is popular and campaigning hard, claiming numerous public works during his former tenure; he has a good chance to win. Pro-US. Conservative.

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IV. The Federal Senators

A. Incumbents

1. JEFFERSON de AGUIAR, PSD. Born a lawyer, Aguiar has been in politics for some years, stepping up from state assemblyman to federal deputy in 1957 (UDN-PSD), and thence to senator in 1958. Conservative.
2. Ary de SIGUEIRA VIANNA, PSD. Elected to the Senate in 1954 as a UDN-PSD candidate. Vianna was formerly a federal deputy also, elected in 1945 (PSD).
3. SILVEIRO DEL CARO, UDN. Elected to the Senate in 1954, as suplente, sponsored by a coalition of PTB-PR-PRP-PSP.

B. Candidates

1. Carlos Lindenberg. See above, Governorship.
2. EURICO RESENDE, UDN. A candidate on the Coligacao Democratica slate, Rezende has a reputation as a brilliant lawyer and reportedly is known favorably to the electorate, has a good chance to win one of the two seats at stake. Centrist.
3. RAUL GIUBERTI, PSP. Vice-Governor in the present Lindenberg administration. Conservative.
4. ARQUIMEDES VIVACQUA, PR. Brother of former Senator Atilio Vivacqua, who died January, 1961.

V. The Federal Deputies

A. Incumbents

1. DIRCEU CARDOSO, PSD. Born January 4, 1913 at Muqui, Espirito Santo, Cardoso has been Mayor of Muqui, Secretary of Education for Espirito Santo, State Assemblyman (1950-1958). He won his federal deputy seat in 1958 handily. He should win again in October. He opposed the June '62 nomination of Dantas as Prime Minister. Cardoso was one of a group of Brazilian Congressmen who visited the United States this year under USAID auspices and has published a number of favorable articles about his trip in his Muqui newspaper O Municipio. Centrist.

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2. RAMON de OLIVEIRA NETO, PTB. About 41 years old, an MD, Neto is the leader of the PTB and of such far-left forces as exist in the state. He is personally wealthy, highly intelligent and reportedly an ideologically convinced Communist, though whether he is under discipline is unknown. A probable winner.

3. OSWALDO ZANELLO, PRP. 45-50 years old. Picked by his family to enter the priesthood, Zanello abandoned his seminary studies after seven years. While employed in his father's business, he became an *integralista* (Fascist) and was a Rio State leader in the attempted coup of 1938. Imprisoned at Niteroi, he was released after eight months and thereafter devoted himself to business until 1950 when he won a seat in the Espirito Santo state legislature. Re-elected in 1954, Zanello left the Assembly to serve in a number of top jobs in the Lacerda de Aguiar administration until winning his present federal deputy seat in 1958. His presence on the same slate with Oliveira Neto (above) and Rubens Rangel (Category III) demonstrates the catch-all nature of the *Coligacao Democratica*. Expected to repeat his '58 victory, Zanello is now rated: Conservative.

4. Asthenio BAGUEIRA LEAL, UDN. Born June 1, 1899 at Cachoeiro de Itapemirim, Espirito Santo. A self-made man, industrialist Leal is seeking his third term in the Chamber of Deputies and is expected to get it. Like Zanello above, though one of the *Coligacao* candidates, he is: Conservative.

5. RUBENS RANGEL, PTB. Candidate for vice-governor on the *Coligacao* ticket. Leftist Ultra-Nationalist.

6. LOURIVAL DE ALMEIDA, PSD. A retired judge, Almeida is running for re-election as a UDN candidate on the *Coligacao* ticket.

B. Candidates

1. JOAO CALMON, PSD. Forty-five years old, Calmon was born in Colatina, Espirito Santo but has spent little of his adult life in the state. After earning a law degree in Rio, Calmon became a reporter for the "Diarios Associados," the powerful Assis Chateaubriand newspaper chain. Calmon quickly won the job of expanding and overseeing "Diarios Associados" operations in the North of Brazil where he spent some 17 years. In 1955 he was assigned to the chain's head offices in Rio and is now the Director-General of the enterprise's communications network of newspapers and radio and television stations. Independently wealthy now, and able to enlist the powerful services of the "Diarios Associados" (television transmitters, telegraph offices have recently been inaugurated in various Espirito Santo interior communities with appropriate attribution), Calmon is regarded as a cinch to win. Of medium height, partly bald, aloof, Calmon gives an impression of confidence, self-control,

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coolness. He accompanied President Goulart on his trip to the US. Conservative.

2. Napoleao FONTENELLE da SILVEIRA, PSD. About 55, he was born in Ceara where he was graduated in agronomy. He has lived in Espirito Santo over 30 years, however, holding various public service posts, mostly in the field of agriculture, including that of Secretary of Agriculture in the first Lindenberg administration. He was elected federal deputy in 1954 and was re-elected in 1958 with a strong vote. He subsequently gave up his seat to his "suplente". Probable winner. Conservative.

3. DARCI Pacheco de QUEIROZ, PSD. Present Secretary of Interior and Governor Lindenberg's brother-in-law. He may have a chance to win in consideration of his double association with respected Lindenberg.

4. RAIMUNDO de ANDRADE, PTN-PSD. Born about 49 years ago in Pernambuco, Andrade has lived in many parts of the country. After earning an accounting degree, he went to work for the Banco do Brasil and stayed 27 years, leaving in 1958 to become mayor of Cachoeiro de Itapemirim, Espirito Santo's second largest city. Like Moacir Brotas, PSD candidate for vice-governor, Andrade is a PTN man and was invited to join the PSD slate in order to give the latter more voter appeal. Andrade is unmistakeably popular in Cachoeiro, thanks to his effectiveness as mayor, a simple manner, and a very sharp wit. Probable winner. Centrist.

5. Floriano LOPES RUBIM, PTN-PSD. 48 years old. Another PTN man loaned to the PSD slate, Rubim is himself a PSD dissident. Already federal deputy (1954-1958), and a captain in the Policia Militar, Rubim is reported to be close to Goulart and personally corrupt, having got rich as a director of SAPS (Servico de Assistencia aos Servidores Publicos--government agency which provides basic foodstuffs to government employees at reduced prices). Given a good chance to win. Probably Centrist-Conservative.

6. Antonio GIL VELLOZO, UDN. Head of the UDN in the state, Vellozo is originally from Rio State, a former newspaperman. Probably Centrist-Conservative.

7. RUBEN GOMES, MTR. A very minor party in Espirito Santo, the Movimento Trabalhista Renovador has proposed a number of isolated candidacies, mostly to municipal or state positions. Gomes is said to have Communist support and is given little chance of winning.

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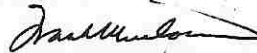
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C. Other Candidates

1. ACIRO ALOU, PSD.
2. Paulo AFONSO de REZENDE, PSD.
3. ARGILANO DARIO, PTB.
4. Dulcino MONTEIRO de CASTRO, UDN.

For the Ambassador:



Frank Micelotta
Third Secretary of Embassy

APPROVED:



Miles W. Bond
Deputy Chief of Mission

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The threat by the National Confederation of Industrial Workers (CMTI) to call a general strike if Francisco Brochado da Rocha were not approved Prime Minister had widespread repercussions in Belém. It was reported that due to the firm police action demanded by Governor Carlos Lacerda to prevent any red-tinted strikes to be called in Guaraná, the CMTI would send communist labor agitators to Belém to foment unrest.

A member of the Brazilian Army Secret Service visited the Pará Chief of Police and conferred with him behind closed doors for well over an hour. Following this conference, telephonic and telegraphic contact were maintained between Army headquarters in Rio and Brasília and the Pará state police.

The Chief of Police advised that law and order would be maintained at all cost. As this crisis abated, and Brochado da Rocha was confirmed, the military and civil police, which had been held in readiness, returned to normal status.

However, at the present time, the police are again in a state of readiness as a result of the difficulty the Prime Minister is having in forming, and receiving approval of, a cabinet. No untoward incidents were reported.

Brochado da Rocha's first selection of candidates for his cabinet including some ultra nationalists and strong leftists, as reported in the local press, was received in Belém with a concerted protest by local politicians. This was to be expected in an area governed largely by the PSD.

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Rumors of Brochado da Rocha's imminent resignation were making the usual rounds, with some reports adding that the Brazilian Army would and should take over the government in order to bring serenity and a measure of security back to Brazil.

A comment frequently heard is that even if the Premier's cabinet is approved, he will have an extremely hard time pushing through his political program, that he will fail to retain the confidence of the Congress, and will be forced to resign.

It was interesting to note during this period that although there was an obvious attempt by some to cause unrest, especially among the laboring class, little success was realized. Business went on as usual and the local citizens appeared to take on the attitude that if they completely ignored the situation, it would pass over.

The political situation in Maranhão was also calm, despite the fears of a flare-up from some usually well-informed people. As in Pará, the troops and the police were on the alert. In São Luis, the capital of Maranhão, the man on the street tended to ignore the situation and instead concentrated on obtaining the necessities of life.

The Brigadeiro of the local Brazilian Air Force Base gave his opinion during a conversation with the Consul that he expected that Brochado da Rocha would remain Prime Minister at least until after the October elections. He stated that he has confidence in the Ministers of War and Navy, General Nelson de Melo and Admiral Pedro Paulo Suzario, respectively. However, he is not confident in the Minister of the Air Force, General Reinaldo Carvalho, either for his ability or capability or his political orientation.

He told the Consul as did Vice Admiral José Luis da Silva, head of the Fourth Naval District that the military intended to maintain a watch over developments.

With the beginning of the new week, the situation throughout the Amazon remained calm. The newspapers continued to give good coverage to political activities in the south with a limited amount to local politics.

Edward J. Holway, Jr.
Edward J. Holway, Jr.
American Consul

cc: Amembassy, Rio de Janeiro
Amembassy, Brasilia

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NO. A-82
TO : DEPARTMENT OF STATE 1962 JUL 24 AM 10 30
FROM : Amembassy RIO DE JANEIRO
SUBJECT : Brazilian Elections 1962 - Report No. 19 - The 1958 Elections and Political Party Trends
REF : Amembassy RIO Despatch No. 960 of June 8, 1962.
732.00/6-862 ARA

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The make up of the Congress which the Brazilian electorate will choose on October 7 to help guide the country's destiny for the next four years will not be known for another three or four months.¹ Nevertheless, some indications as to its probable composition can be obtained from a careful analysis of past elections and party trends. In this respect the work of Professor Orlando M. Carvalho is an invaluable aid, and a translation of his most pertinent article (with a few clarifying footnotes by the reporting officer) is attached.

The Brazilian elections of 1958 offer the most meaningful parallel to those which will take place this October. Then as now the full Chamber of Deputies was up for renewal, and those governors whose terms are now expiring - Carvalho Pinto, Brizzola, Cid Sampaio and Jaracy Magalhães to name but the most important - were the victors in hotly contested races. Each state elected one senator in 1958 as against two this year, but this factor does not seriously affect the validity of comparisons.

Critical as the situation in Brazil is today, and tense as is the electoral atmosphere, it should be remembered that four years ago the environment was also charged. Ultrationalism was a major factor in the early and middle stages of the campaign, and the Communists played a more active and open role than at any time since the PCB was outlawed in 1947, particularly in alliance

¹ In 1958 only one-half the final results were available one month after the elections.

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Contents and Classification Approved by: Robert W. Dean

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with then-Vice President João Goulart and his PTB,²

By far the most useful of Brazilian attempts to analyze their 1958 elections was the collaborative effort headed by Professor Orlando M. Carvalho, the Director of the excellent Revista Brasileira de Estudos Politicos and now Rector of the University of Minas Gerais. The results of the work of this team of political scientists were published in a special issue of the RBEF in April 1960. While all of the articles on particular states contain valuable information and interpretation, Dr. Carvalho's more general essay merits special attention.

Dr Carvalho draws a number of conclusions regarding basic trends over the limited period of time from 1945 to 1958 which may have continuing validity and cast some light on the probable outcome of the October 1962 elections. In the first place, he finds the quadrennial increase in the "voting" electorate to be about 22%, which would mean that some 13.5 million Brazilians may be expected to go to the polls and cast in excess of 14 million valid votes for the candidates of the 13 or 14 parties which will be contesting the elections.

With respect to the position of the parties, Carvalho's investigations would indicate that the three truly national parties (PSD, UDN, and PTB) will get about 75 per cent of the votes with the PTB gaining and the other two declining at least relatively. This will very probably hold true for the PSD and PTB. For the first time in its history the former will go into the elections with much of the federal bureaucracy and most of the state governments in the hands of its rivals, so its secular decline should continue. On the other hand, given the much greater patronage at its disposal with its chief Goulart as President, the PTB should score substantial gains.

There are, however, a number of reasons why the UDN is likely to hold its own or even increase its strength in the coming election. After retaining its position as the second strongest party in the 1958 balloting, the UDN was the major winner in the 11 gubernatorial contests of 1960 with five outright victories and three in coalition. Thus, in marked contrast to 1958, when its share of the vote slipped only from 21 to 20 per cent, the UDN has the advantage of controlling seven governorships (including the key states of Minas Gerais, Bahia, Guanabara, and Pernambuco) and in addition forms part of the government coalition in São Paulo, Paraná, Rio Grande do Norte, Paraíba, and Piauí. In the latter state and in Espírito Santo members of the UDN have taken over the governorship as the incumbents have resigned to seek other elective offices. Moreover, UDN control of several ministries and federal agencies including patronage-rich transportation and public works from January 1961 through June 1962 should pay electoral dividends.

² For a concise summary of the 1958 elections see INR Intelligence Report No. 7914 of December 29, 1958, "Brazilian Elections Analyzed." More detailed analysis is contained in Embassy reporting during the last quarter of 1958, particularly Embassy Despatches 466 of October 23, 526 of November 7, 540 of November 10, and 731 of December 31.

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Professor Carvalho (himself a member of the UDN) makes much of the progressive decline of the center parties - from 73% in 1945 to 58.2% in 1958. This he correlates to urbanization. There are several points on which the validity of his thesis can be questioned. First, the decline has not been constant. Using Carvalho's own choice of parties as centrist (the PSD, UDN, and PR) the decline from 1954 to 1958 was only .8%, a marginal figure. Second, the drop from 1945 to 1954 can be accounted for largely by the development of several new parties, most noticeably the PSP, which should be considered centrist. Adding the PSP's share of the vote to the 1954 and 1958 figures for the center parties, largely eliminates the difference from 1945 of which Carvalho makes so much.

Finally, given the nature of the Brazilian parties, the orientation of the individual legislators is more significant than their party affiliation. While the ratio between conservatives, centrists, radical reformers, and leftist ultranationalists varies from party to party, each contains a number of representatives of all these types. Thus the vital question is not, for example, so much the number of congressmen the PTB will elect, but whether the moderates or extremists campaigning under the Trabalhista label will fare better at the polls. The present Chamber is composed of more than two-thirds centrists and conservatives, with communists, fellow-travellers, useful innocents, and leftist ultranationalists making up less than one-fifth of its membership. A crucial factor will be whether the relative loss of conservative strength which may be expected will be to the centrist and moderate leftist candidates or whether it will result in a much augmented bank of extremists. A despatch in preparation on the Brazilian electoral system will attempt to deal with this question.

Enclosure *RM*
As stated.

For the Ambassador

APPROVED BY:

Niles W. Bond
Niles W. Bond
Deputy Chief of Mission

Ronald M. Schneider
Ronald M. Schneider
Political Officer

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NATIONAL PARTIES AND THE CONGRESSIONAL ELECTION OF 1958

Orlando M. Carvalho

1. The electorate and the population
2. The growth of the electorate
3. The position of the parties in 1958
4. The relative positions of 1945 and 1958
 - Concentration of the electorate
 - Growth of the PTB and PSP
 - Fluctuation of the small parties
5. Alliances and Coalitions
6. Geographic Importance of the Parties
7. Decline of the parties of the Center
8. Basic reform of the centrist parties

1. The Electorate and the Population

The Brazilian electorate has been the following:

1945 - 7,460,000

1954 - 15,105,000

1958 - 13,780,000

The reduction in the number of registered voters results from the expurgation of old lists, which were brought up to date, and from the new requirements for registration and voting which eliminated the so-called "phantom electorate". In Belo Horizonte, for example, we have the following comparison for two consecutive elections:

| <u>Year</u> | <u>Registration</u> | <u>Voted</u> | <u>%</u> |
|-------------|---------------------|--------------|----------|
| 1954 | 161,000 | 102,000 | 63 |
| 1958 | 206,000 | 187,000 | 90 |

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The positive increase of the percentage going to the polls is a statistical illusion. The people always appeared in mass at the ballot boxes, above all in the municipal elections which are more hotly contested. The files were not brought up-to-date until 1957-8, as a consequence of the legal requirement for renewing voting cards.

82% of the electorate voted in the congressional elections of 1958, which means that almost all the registered voters voted: 13,780,000 voters; 11,342,000 voted.¹

We note a greater authenticity in the electoral statistics with regard to the electorate. They no longer present fantastic data, which lead us to false interpretations. I remember always having wondered at the reports from CATAGUazes (Zona da Mata of Minas Gerais), considering them incompatible with reality in this aspect of the elections. There the municipal struggle between the Peixotos and the Dutras is tough and persistent; however, of 18,200 registered voters in 1954, only 9,500 voted, with Dutra winning by 38 votes; while in 1958, with 10,300 registered, 9,850 voted. The same thing happened in BARBACENA where Bias Fortes and José Bonifácio have fought with each other for years; 1954 - 19,000 registrants and 11,000 voters; 1958 - 15,000 registrants and 13,000 voters.

From another point of view, it can be seen that the Brazilian electorate represents a minor portion of the adult population over 18 years of age of both sexes, which numbers nearly 31,000,000 of which 13,800,000 voters represent around 44%. For us to have an idea of our weak democracy, in which minorities decide elections, it is enough to remember that, in Great Britain, all citizens vote, excepting only minors under 21, idiots, royal peers, excepting Irish peers if elected by districts of Great Britain, and those condemned for certain common or electoral crimes. Our situation cannot be compared with that of India, or Ceylon or Indonesia, where it is considered that the ability to read and write is not proof of capacity for political judgment and the right to vote is granted to illiterates.

It should not be that 17,000,000 adults are not allowed to vote in Brazil principally because they do not know how to read and write.

I recognize that the problem presents many difficulties and cannot be tackled rapidly. I would merely point out that, according to one of the latest books of Sir Ivar Jennings, the Singalese are trying to bring illiterates into participation in political life and have already used two methods; voting by colors and voting by symbols, in both cases in elections in which the choice is of a candidate for one single office. The use of colors introduces difficulties because colors have owners in the modern world: red is communist;

¹ Carvalho was working with incomplete figures. Final official results show that 12,679,000 or 92% of those registered turned out on election day. Valid votes reached 11,519,000 as nearly 950,000 blank ballots were cast and another 210,000 declared null.

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yellow is Buddhist; grey is Moslem; as green is, among us, the Integralistas /Fascists/. The symbol is more practical, above all when it permits choice by candidate: there is no illiterate who, confronted by a broom /election symbol of ex-President Jânio Quadros/, would not know for whom he was going to vote. In Ceylon, the illiterate makes a mark over the symbol; in Indonesia, the president of the electoral directorate gives him a pointed instrument, with which he stabs the symbol. The method matters little. With this method the illiterates - an appreciable mass of the population - are permitted to vote, and as far as I know this has not resulted in any subversion of institutions.

I therefore think that the Brazilian legislator should advance the march of the country toward democracy, bringing illiterates into the elections, but I consider some precautions necessary. There is no reason to accept the latin method of radical rational solutions - to give to the illiterates at one blow the right to vote in all elections. It costs nothing and would evidently tranquilize public opinion to adopt an anglo-saxon method of gradual concessions. The determination of who should be a voter and in which election is not a juridical problem, but a problem of prudence and experience; it is political art in which the English example is fruitful. There, for example, votes for women were granted in two stages: first, in 1918, to those over 30; later, in 1928 to the rest. Putting aside the individualist doctrine dominant in our European type of civilization, nothing stands in the way of experimenting, giving the right to vote to the illiterate, initially in the majority elections² beginning in this period, by only permitting the voter to chose mayor and justice of peace, in which, as a rule, the voter is going to vote for someone he knows, a member of the same community.

2. The Growth of the Electorate

A look at the four congressional elections held after 1945 shows that the voting electorate increases continually and in a constant ratio of almost 22% in spite of the different processes adopted for electoral qualifications:

1945 - 6,188,000

1950 - 7,660,000 /8,241,000 with 7,662,000 valid votes cast for candidates/

1954 - 9,166,000 /9,890,000 with 9,235,783 valid votes cast for candidates/

1958 - 11,340,000 /12,679,000 with 11,519,000 valid votes cast for Candidates/

² Executive elections at all levels; legislative elections, with the exception of those for senator, are by a system of proportional representation.

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Airgram A-823. The position of the parties in 1958

It is very difficult to verify with certainty the real strength of each party in the last elections. There are causes for uncertainty issuing from the parties themselves, since they ally themselves and form coalitions in large numbers, in almost all electoral circumstances, and so only the experts of each state are capable of distinguishing to which parties the candidates of a coalition belong. There are hundreds of names, some which are unknown. Another cause stems from the territorial vastness of Brazil and its unequal development. There are states which, until a short time ago, had not officialized the results of the 1958 elections with the Supreme Electoral Court.

We made a nation-wide study, using reliable sources in each electoral district to obtain the requested information. Even so, we judge such precautions to be insufficient and we give the following totals we obtained with reservations:

ELECTIONS OF 1958

| | | |
|------------|-------------------|-------------|
| 1st - PSD | 3,653,045 | 32.3% |
| 2nd - UDN | 2,249,452 | 19.9% |
| 3rd - PTB | 2,237,608 | 19.8% |
| 4th - PSP | 827,685 | 7.4% |
| 5th - PR | 676,407 | 6.0% |
| 6th - PDC | 374,634 | 3.3% |
| 7th - PTN | 327,197 | 2.9% |
| 8th - PSE | 318,302 | 2.8% |
| 9th - PRP | 266,978 | 2.3% |
| 10th - PL | 151,339 | 1.3% |
| 11th - PRT | 128,413 | 1.1% |
| 12th - PST | 125,901 | 1.1% |
| | <u>11,333,826</u> | <u>100%</u> |

4. The relative positions of 1945 and 1958

The comparison of the strength of the parties in two elections on the same federal level, with an interval of 13 years, is expressive of certain tendencies:

| Party | 1945 - % | 1954 - % ³ | 1958 - % |
|-------|----------|-----------------------|----------|
| PSD | 42.7 | 33.6 | 32.3 |
| UDN | 26.6 | 20.9 | 19.9 |
| PTB | 10 | 18.9 | 19.8 |
| PCB | 8.8 | - | - |
| PSP | - | 11.3 | 7.4 |
| PR | 3.7 | 4.5 | 6.0 |
| PDC | 1.6 | 2.1 | 3.3 |
| PTN | - | 2.1 | 2.9 |
| PSE | - | 1.5 | 2.8 |

³This column was not included by Carvalho, but is basic for meaningful discussion of trends.

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The study of these two charts allows us to advance the following lines of inquiry, which other researchers, equipped with more documentation, will be better able to uncover.

The concentration of the electorate - The Brazilian electorate, in spite of the adoption of proportional representation which tended to multiply the number of parties, tends to concentrate itself in five parties. In 1945, 91.9% of the voters were grouped in 5 parties; in 1958, 85.4%.

The Growth of the PTB and PSP - Another fact which stands out from the comparison is the growth of the PTB, which went from 10% to 19.8% and the appearance of the PSP in 1950 which, however, has obtained a variable vote; it appears that, on a percentage basis, it declined a little, for it obtained 8.6% of the votes in 1950; 10.8% in 1954 and now dropped to 7.4%.

The Fluctuation of the Small Parties - A fact expressive of the social structure is the fluctuation of the small parties. Six of them entered the scene and left it between 1945 and 1958: PFS, PRProg., PRD, PAN, POT, PRB. Four new ones entered into activity; PSB, PTN, EST, PRT, the first two with a vote which gives rise for hope.⁴

The impression resulting from the balance of the data is that the small parties are destined for a secondary role, and present legislation gives them small margin for success. They exercise, however, a role of prominence in the sector of party discipline because, Brazil not having "wings" of parties, those who succeed and still wish to fight are obliged to seek shelter under the standard of the small parties. It was, for example, what happened in Ceara, where part of the PTB separated itself and entered the ranks of the PRT, giving the latter 55,000 votes which, truthfully, did not belong to it. The same thing happened with the PL in Bahia in the elections of 1954, which welcomed various elements of the UDN.

The role of creators of reformist ideas will also fall to the small parties, reforms which will finally be adopted by the large parties, provided that the campaign started by the small party encounters a certain receptivity. This is the case of Parliamentarianism, which the PL defends as the basis of its political action and which was already included in the UDN program, although from my point-of-view the discussion of Presidentialism vs. Parliamentarianism is an outmoded theme of the 19th Century. In the 20th Century, Democracies are classified in two types: systems where the chief of government is designated practically by the whole nation (Great Britain, USA, Brazil); and systems where this expression of direct confidence does not exist (Belgium, Holland).⁵

⁴ A 13th legal party, the MRT, came into existence as a result of a split within the PTB, and is entered in most key states for the 1962 elections.

⁵ Brazil adopted a modified form of parliamentary government in September 1961 as a way out of an extremely critical situation, but there is strong sentiment for return to the presidential system.

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5. Alliances and Coalitions

The division of the electorate among parties of the same social composition facilitated the existence of a growing number of alliances or coalitions. These are natural in majority elections where there is only one office and the candidate with the most votes wins; but it would not be based on the same justification when a parliamentary election in which the representatives are proportional to the strength of each faction, is at stake. However, beginning with no coalition in 1945, when each party wanted to gauge its own strength, we arrive in 1958 at the elevated proportion of 36.6% of the vote for alliances, that is, in each 3 voters one voted for a coalition.

According to the excellent "Magazine of Electoral Political Law", Senator Vilas Boas appealed to the Supreme Electoral Court against alliances, calling them unconstitutional, but the highest Brazilian court did not accept this argument.

6. Geographic Importance of the Parties

A study of the distribution of the parties throughout the 20 states and the Federal District reveals that only four parties, in 1958, are truly national: PSD, UDN, PTB, PSP. Following is a comparative chart of 1945 and 1958:

| <u>Party</u> | <u>1945</u> | <u>1958</u> |
|--------------|-------------|-------------|
| PSD | 21 | 21 |
| UDN | 21 | 21 |
| PTB | 14 | 19 |
| PSP | - | 14 |
| PRP | 11 | 10 |
| PR | 3 | 9 |
| PDC | 5 | 8 |
| EST | - | 6 |
| PL | 3 | 4 |
| PSB | - | 4 |
| PRT | - | 3 |
| PTN | - | 3 |
| PCB | 21 | - |

Besides the 4 parties mentioned above, there are 8 others that survived as a consequence of proportional representation and which transformed themselves, in some cases, into leaders of standards for the solution of cases of regional dissidence. The most typical of this category might be the PR, which had the following geographic distribution in the previous elections:

| | |
|------|----|
| 1945 | 3 |
| 1950 | 15 |
| 1954 | 7 |
| 1958 | 9 |

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There is no possibility of suppressing these parties only because they do not present a national geographic aspect, for if for registration the law calls for proof of 50,000 voters spread throughout 5 electoral districts for suppression of registration, it requires, on the other hand, merely that it not obtain 50,000 votes and not elect one representative. With this, parties such as the PIN, PRT and PST only exist practically - on the federal level - in São Paulo, whose urban electorate extends itself throughout 11 parties, giving to no one of them less than 60,000 votes - and there are no legal means to alter the situation they [the minor parties] create.

7. The Decline of the Parties of the Center

From our point of view, the most important sociological fact which appeared from the comparison of the elections of 1945 with those of 1958 is the decline of the parties of the center, considering as such the PSD, UDN and PR, the three great conservative parties, which renew, with their activities since 1945, the line of the old parties of the Empire and of the Republican "single party", a singular phenomenon of the first third of the century. These parties have exhausted their message and do not offer sufficient stimulation to an electorate which is renewed and appears on the political scene of the country influenced by the forces of a new society.

By the analysis which we have done of their leaderships in Minas - confirmed by data from Ceará and Espírito Santo - these parties are run by landowners and businessmen in a proportion of 70%; while the PTB and PCB are parties which seek their leadership in the urban experience of artisans, white collar workers and businessmen. On the national level the 3 parties obtained the following vote:

| | <u>1945</u> | <u>1958</u> |
|-----|-------------|-------------|
| PSD | 42.7 | 32.3 |
| UDN | 26.7 | 19.9 |
| PR | 3.7 | 6.0 |
| | 73.0 | 58.2 |

The percentage increase of the PR is due above all to its spectacular growth in Minas, where it received 60% of its national vote, and there it progressed at the cost of the UDN, which sought its standard as a shelter, and from elements of the PSD which took refuge there to remain in the government.

There appears to be an evident correlation between the decline of the parties of the Center and the rural exodus. Brazil urbanizes itself practically in the same proportion in which the parties of the center lose substance:

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| | <u>Rural population</u> | <u>Centrist parties</u> |
|------|-------------------------|-------------------------|
| 1940 | 68.7% | - |
| 1945 | - | 73.0% |
| 1950 | 62.8% | 62 % |
| 1954 | 60 % | 57.9% |
| 1958 | 58 % | 58.2% |

The decline of the parties of the center appears, on the other hand, to be related to the phenomenon of the recently accelerated urbanization and industrialization of Brazil, and no matter how rapid the industrial growth is, it cannot fully absorb the mass of humanity which comes from the small cities and the country, poorly prepared for work in factories and mills, forming a restless population. The phenomenon has direct repercussions on the national party structure. The parties of the center lose their voters, who come from the small rural zones to the medium and large centers. The studies of sociologist Aziz Simão of the School of Philosophy of the University of São Paulo appear to suggest that such elements, still not worn down by the attrition of urban industrial life, vote for the PTB while they do not adapt to the new society. Settled in their position in the structure of the industrial concern, they vote for Communism.

8. Basic Reform of the Centrist Parties

The bourgeois, conservative parties are losing ground from election to election, because they do not organize to accompany the urban, industrial revolution of the country. We have today the same occupational structure of the United States in 1850 and, already in that era, the Democratic Party constituted a surprising alliance between progressive workers of the North and the conservative farmers of the South. Such a "marriage of convenience" was arranged by Jefferson in 1792 and functioned satisfactorily until Roosevelt, in our day. In the same way, the Republican Party was formed from the coalition of the industrial East with the agricultural West.

There is nothing which would prevent a party of landowners and workers from functioning well in Brazil, seeking to adopt the party structure to the social reality of urbanization and industrialization.

With a courageous basic reform, the centrist parties of Brazil, which still hold under their banners the majority of the national electorate, would realize a work of social discipline which would avoid, for a long time, the risks of a division of parties according to classes. In Brazil, the perspective which is opened is one of opposition among urban and rural classes, according to the old scheme which has prevailed in national life since Imperial times. It is time to equate again the problem and prepare Brazilian public life for different directions, overcoming the stereotypes of the 19th Century which still guide us today.

Translated by Thomas M. Tonkin

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DEPARTMENT OF STATE
AIRGRAM

732.00/7-1962
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A-83 ~~CONFIDENTIAL~~ SECRET
1962 JUL 24 AM 10:30

PRIORITY
HANDLING INDICATOR
ESM 12 gm

TO: F770005-1571 Department of State

FROM: Amembassy Rio de Janeiro

DATE: July 19, 1962

SUBJECT: Recent Brazilian Crisis

COPY NO. 1 SERIES A

Although some elements of Brazil's recent Cabinet crisis remain obscure, the following analysis of events prepared in Brasilia may throw light on motivating forces and possible future developments.

1. Auro Moura Andrade was nominated for the Prime Minister post by President Goulart in the understanding that he would (a) push for a plebiscite as soon as possible, and (b) present a Cabinet agreeable to the President generally, but specifically containing his nominations for Military Ministers. The President considered Andrade's Chamber speech (made after consultation with and reportedly warnings by principal party leaders) a repudiation of that agreement, even after Andrade and the parties backed down on the Cabinet because the President's principal objective is a plebiscite which he expects will bring a return to the presidentialist system. He therefore forced Andrade's resignation on July 4. The President seems to have had wide military support for a plebiscite and for his claimed right to appoint military ministers.

2. Frustrated in getting action on a plebiscite on the legislative front, the Administration attempted to have the constitutional amendment creating the parliamentary system voided by the Supreme Court. Rebuffed, it encouraged Minas Gerais Governor Magalhaes Pinto (with 13 other governors) to petition the Supreme Electoral Court to set an early date for a plebiscite.

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We are informed by a source close to the President that this decision (expected but not forthcoming July 18) will claim that court's right to set the date by a 4-2 vote. Should this transpire, Congress is hardly likely to accept it without protest or counteraction.

3. The nomination on July 8 of Brochado da Rocha, a relatively obscure provincial jurist and politician enjoying not too bad a reputation among the few who know him in political circles in Brasilia, despite his lengthy association with Governor Brizzola and his part in expropriations of US-owned properties as well as the strong statist tone of his speech to the Chamber (Embtel 102), stemmed from a desire on the part of Goulart, probably advised by San Tiago Dantas, to install a man completely subservient to the President. That he was approved by a heavy vote is less a measure of his acceptability (although virtually no opposition to him was voiced in the Chamber) than of the Chamber's realization it had lost the battle (not the war) with the President. It also reflected Congressional fatigue and reluctance to continue the crisis which had been accompanied by serious social disturbances, particularly in the State of Rio.

4. Brochado da Rocha first attempted to present a far from good but not impossible political Cabinet weighted toward the moderate PTB wing. This Cabinet, thought so sure of acceptance that two members (Renato Costa Lima and Ruben Berta) called on the Ambassador the morning of July 11 to discuss emergency food problems, broke up on the shoals of party dissatisfaction (PTB leftists dominated the party caucus in the absence of the majority of moderate party members who later objected even to PTB nominations; the UDN wanted an important ministry but still desired to move into the opposition; the PSD reportedly wanted the Viacao Ministry at all costs). Brochado then presented the so-called technical Cabinet reportedly handed him by the President possibly on the recommendation of San Tiago Dantas.

5. The self-styled "high quality technical Cabinet" (a total misnomer) finally presented by the new Prime Minister on July 11 was approved with an unexpectedly favorable vote, despite the fact hardly anyone had anything good to say in its behalf in the Chamber. Even the Nationalist Parliamentary Front criticized the choices for Finance Minister (Moreira Salles) and Agriculture (Renato Costa Lima, moderate element in the Sao Paulo PTB). The large parties, however, were in a very difficult position. Under attack from the President and the PTB for being interested only in party welfare and not in the welfare of the people, their authority was undermined and they possessed neither the courage

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nor cohesiveness to hold firm against the Cabinet of dubious competence and even more dubious political orientation. From the majority parties' viewpoint the new Cabinet is far worse than the one turned down the day before. Again the Chamber was tired, fearful of accusations of prolonging the crisis which might lead even to cancellation of the elections, and anxious to begin campaigning, which their opponents, not being deputies in many cases, had already begun.

6. Having created an artificial crisis to do it, the President thus installed a Prime Minister and Cabinet of his own choosing. He installed his choice of military ministers, and command changes are expected which will be designed to build up his following and further to neutralize any potential military moves against him. He wants his full powers returned. To get them he seems willing to bring the country to the verge of anarchy (see memorandum of conversation between the Ambassador and President Goulart on July 11).

7. Goulart's position is that he simply wishes to regain powers rightly his which he was forced to surrender last September to prevent revolution or civil strife. He claims, not without foundation, that the newly instituted type of government does not have popular support; that under it the government is virtually paralyzed and he is helpless to contribute to solving its problems or bringing about reforms demanded by the country to prevent an explosion.

8. The foregoing would make sense in a levelheaded, intelligent and patriotic leader. Most men who know Goulart best, and even those who give him credit for good intentions, say he is "primario", i.e., rudimentary in his approach to most problems except petty political ones. He is given high marks in the latter. The Embassy has found little or nothing to contradict this judgment. Goulart's understanding of economic or of broader policy problems seems virtually nil; he makes little attempt to reach balanced judgments; he apparently believes much of the demagoguery he speaks. He claims to be acting in part at least in consonance with reform ideas expressed by the Kennedy Administration as integral to the Alliance for Progress. But being totally lacking in programmatic capacity or in the sense to appoint others who have it, the chances of his putting reforms effectively into practice are small.

9. There is some evidence that Goulart was far from fully in control during the recent crisis and that he is aware of this. For example, he wanted to nominate Apolonio Sales, respected elder PSD statesman to the Mines and Energy post; able Ruben Berta, VARIG Airlines President, as food supply

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coordinator; and Hugo de Faria, a moderate, as Labor Minister but was vetoed by his party's left wing, its Grupo Compacto. (De Faria describes his turndown as the result of the PTB party caucus at which only 22 of 74 PTB members, two-thirds of whom are relatively moderate, appeared. Sixteen of the 22 were Grupo Compacto members out of a total far-left wing membership of 21.) Goulart told the Ambassador that the labor leaders he controls stopped the July 5 general strike on his orders, that the Communists managed to make it a test of strength for 24 hours but he had been able to prevent them from extending it further.

10. The foregoing does not mean that Goulart is losing his grip since in the past he has been able in the face of apparent rebellion to maneuver himself back into full command. It indicates however that he can be outmaneuvered or could stumble into or be pushed to actions or unleash forces, as he did during the crisis, which could open the way for a leftist though probably not orthodox Communist take over, probably with legal foundations and even possibly without. After the recent crisis the Embassy cannot discount entirely as a possible ultimate objective the establishment of a so-called syndicalist republic as some Brazilians with memories reaching back to Vargas claim is Goulart's intention. It has no firm evidence to this effect but cannot discount it considering his temperament, history and ambitions.

11. Some deputies view the situation as still extremely dangerous in the belief that Goulart is moving toward dictatorship. Others express a sense of relief with the appointment of a so-called technical Cabinet claiming that Goulart lost in the recent hassle with Congress (wishful thinking) and that they can go about their campaigning without fear of influence of opposition party Cabinet ministers.

12. The Embassy's preliminary assessment of the results of the recent Cabinet crisis, which it believes was exacerbated by Goulart with certain objectives in mind, is: the President has strengthened his position through the appointment of his own Prime Minister and Cabinet and has strengthened the PTB's position in the forthcoming elections by maneuvering the PSD and UDN out of the Cabinet. If Congress fails to grant adequate special powers and the Cabinet accomplishes little, as seems inevitable, the PTB will continue to blame deteriorating conditions on the majority parties in Congress and on the parliamentary system, another campaign issue. There is in fact little doubt that a popular plebiscite now would return presidentialism by a very large majority. By pushing too hard, however, Goulart failed to get an early date for the plebiscite and revived dormant fears not only among civilian centrists but

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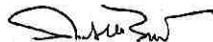
more important in military circles which reportedly have made known their concern and growing impatience with irresponsible politicking.

13. Although the authority of Congress has been weakened as a result of the crisis, Congress for the present seems to have gone to the limit beyond which it will not let itself be pushed by the Executive. Until October at least it will fight the plebiscite and any attempts to erase the Ato Adicional (the constitutional amendment establishing parliamentarism) and will not give other than most restrictive special powers to the new Cabinet. (Congress has unofficially adjourned not to reassemble until the period August 6-18, and there are doubts as to whether a quorum can be held together for much of that period.)

14. The Embassy does not doubt that the storm clouds over Brazil are heavy indeed not only in the political field but in the socio-economic as well. Forty billion cruzeiros have reportedly been issued since the beginning of the crisis as compared to five issued during eight months of the Tancredo Neves Government (plus 30 billion slated for sterilization which never were withdrawn). Prices are rising fast; labor will soon be demanding higher wages. The Cabinet is almost certain to fail at solving any of the more pressing problems. It would be easy to say Brazil is in a pre-revolutionary stage and it may well be so if the forces in the country who seek dissolution of the existing social order (the Communists and leftist-ultra nationalists) are not adequately restrained.

15. The principal restraining influence to revolutionary change continues to be the armed forces. Although as a body loyal to their commander-in-chief, the armed forces are not expected by most knowledgeable people to follow the President in obviously illegal adventures. There is a danger, however, that the President may be able to neutralize his military opposition through a series of command changes and other moves which, while never transgressing the limits of "legality", would have the end result of emasculating the capability of the armed forces to serve as a bulwark against a Leftist take-over in Brazil.

For the Ambassador:



Miles W. Bond
Deputy Chief of Mission

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62 Rode James A-83

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INCOMING TELEGRAM

Department of State ACTION COPY PERMANENT RECORD COPY

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Action

Control: 14486

Rec'd: July 19, 1962 001
9:53 p.m.

ARA

FROM: Rio de Janeiro

Info

TO: Secretary of State

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NO: 171, July 19, 8 P.M., (SECTION I OF II)

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PRIORITY

ACTION DEPARTMENT 171, INFORMATION BRASILIA PRIORITY 11

LIMIT DISTRIBUTION

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1. With formation of Brochado da Rocha Cabinet marking end of immediate political crisis here (for detailed review of events see Embassy airgram A-83 being pouched July 20) and with Presidential visit now definitely postponed, I have begun trying to assess implications for future here and for Brazil-US relations. Despite temperamental optimism, I find very few crumbs of comfort.

2. Major political consequence crisis has been sharp polarization political opinion with leftward displacement both Cabinet and election tactics to be used by PTB. Four months ago Goulart was seeking reconciliation with center, if not right. Now, however, far left "compact group" PTB is exercising inordinate influence, working closely with San Tiago Dantas in masterminding PTB campaign tactics, and exercising vetoes on various ministerial candidates last week. Communist and fellow-travelling supporters being welcomed, even courted.

3. Man for man, Cabinet is weaker and generally more leftward or violently nationalist than that of Neves. Big businessman Jose Ermirio de Moraes, Minister of Industry, is known to be financing Miguel Arraes proto-Communist campaign in Pernambuco and is violently antagonistic American business. Hermes Lima, new Labor Minister, was thought three months ago to be possible subject of an anti-communist purge in presidency, where he was

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-2- 171, July 19, 8 P.M., (SECTION I OF II), from Rio de Janeiro

Chief Civil Household. Joao Mangabeira, Minister of Mines, is 82 years old, non compos mentis, father of viciously incompetent President Petrobras (whom he is not likely to fire), but leaving effective control of Ministry in hands Celso Passos, near Communist son of late Minister Gabriel Passos. Moreira Salles returned today to talk with Goulart about Finance Ministry, which he has not yet decided whether to accept. Roberto Lira Education Minister, appears disposed accept Communist-led student organization claims for one-third university representation. Transport Minister appears comparatively good, as is Agriculture.

4. On military side, Goulart insistence on naming unpopular officers as Navy and Air Ministers appears to be part of process of undermining cohesion armed forces as major center resistance. Expectations are for gradual process changes in command, direction always being elevation extreme nationalist or far left officer group, which numbers small minority.

5. On labor side, whether or not one-day general strike was test of strength desired or undesired by Goulart, there is no doubt strike organization is being improved with view to pressuring Congress and public, and perhaps especially to frightening Army.

6. Even church, which might be looked to as cohesive center resistance Communist associated movements, is divided, with one very strong Christian Socialist element, anti-capitalist and rather nationalist, which works closely with Communo dos Nationalists outside church. Social consequences of aggravating inflation, plus widely held Medieval views in Brazilian hierarchy concerning just prices and greed as principal inflationary factors, appear to be major reasons for this.

7. Although new Brochade government talks about struggle against inflation and provision of food supplies as two main emergency measures, hard to foresee significant anti-inflationary progress, certainly before election. Currency issues are reaching new records, including large requirements for sugar and rice subsidies. Recently voted thirteenth month workers bonus will give another inflationary surge at end of year. Undoubtedly will be many concessions to wage claims in September. Would appear consistent Goulart's recent actions for him to welcome worsening situation, provided blame put on moderate majority parties in Congress.

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INCOMING TELEGRAM

Department of State

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NUMBERED

Control: 14496

Rec'd: July 19, 1962

10:32 p.m.

Action

ARA

FROM: Rio de Janeiro

Info

SS

TO: Secretary of State

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NO: 171, July 19, 8 P.M. (SECTION II OF II)

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ACTION DEPARTMENT 171, INFORMATION BRASILIA PRIORITY 11

8. On foreign policy side, my guess is Arinos will be closely advised by Dantas, and there will be further mildly neutralist developments, but nothing spectacular in this field during coming months. On Alliance for Progress, both Brochados investiture speech and statement of government program passed over entirely in silence, which naturally leads to question whether they have any interest. Arinos did mention Alliance favorably July 18, however. I expect to ask about this pointedly in various quarters before returning Washington next week. On foreign private investment, government may well press for passage profits remittance bill in form passed Senate. This considered not completely impossible by present investors, but certainly not very encouraging to new ones. Much depends on administration. Beyond this, whether we can press on with rapid and satisfactory settlements public utility cases and avoid other expropriation threats remains to be seen. I am trying to cure illusion apparently held by some, and assiduously fostered by omnipresent Samuel Wainer of ULTIMA HORA, that since President Kennedy is fighting trusts at home, Brazilians can do anything they please to American business interests here without forfeiting sympathy or assistance from US administration. Some indications Goulart wants ride horses both (a) US sympathy and support worked out through friendly ministers like Moreira Salles and Costa Lima and old worldly Arinos and (b) attacking violently US at home through Brizzola and compact groups. 9. Goulart

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-2- 171, July 19, 8 P.M. (SECTION II OF II), from Rio de Janeiro

9. Goulart cronies like use social reform language superficially resembling AFP policies, but I see little evidence this more than demagoguery. Competent administrators, like Sette Camara, Mayor of Brasilia, and engineer Lafayette of Roads Department, disappearing from national administration. Present low quality Cabinet more likely produce electioneering slogans than workable reform plans. And increase Communist sympathizers in ranks Cabinet aides alarmingly great.

10. Above somber picture obviously raises very grave questions of policy. Is there still any hope of genuinely effective cooperation between US and Goulart? Assuming elections come off, is best bet to go slow in hopes whopping moderate victory and re-formation Cabinet really based on parliamentary majority? What do we do about request for balance of payments assistance, budgetary support, or Alliance for Progress projects in general, assuming IT and T case can be fixed before August 16 deadline so that Hickenlooper Amendment does not make question academic? I am not keen about stabilization help in face collapse Moreira Salles program or about general budgetary support in face absurd budgetary policies such as current rice and sugar subsidies. On other hand I would feel most unwise slow down projects where good governors or islands administrative sanity at national level show promise concrete results. Many Brazilians believe US has no option but to continue supporting anything but an outright Communist Brazilian regime, on ground alternative would push them into Communist arms. Are they right? If we have alternatives, what are they?

11: By next week, I hope have some suggested answers for discussion with interested Washington authorities.

GORDON

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62 Rio de Janeiro 171

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Control: 15981
Rec'd: July 21, 1962
1:16 p.m.

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FROM: Recife

Info

CAP

TO: Secretary of State

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USIA

NO: 36, July 20, 10 p.m.

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ACTION RIO DE JANEIRO 26 INFORMATION DEPARTMENT 36

State PTB yesterday nominated Miguel Arraes for Governor, reportedly on instructions from President Goulart himself. Arraes now has support PTB, PSB, PST. PSD to hold convention shortly and also expected nominate Arraes.

Governor Sampaio, UDN business and industrial leaders remain divided and confused. Widely rumored that candidacy Jose Neves will be short lived and that Jabao Cleofas now intends retract withdrawal his candidacy, while Armando Monteiro Filho reportedly refuses withdraw from race.

DMB

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OCT - 8 1962

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DEPARTMENT OF STATE

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TO : DEPARTMENT OF STATE
1962 JUL 24 AM 10 30

FORMAL ANALYSIS & DISTRIBUTION BRANCH

FROM : Amembassy RIO DE JANEIRO

SUBJECT : BRAZILIAN ELECTION HIGHLIGHTS*

DATE: JUL 25 1962
 DEPT. OF STATE
 INT. AFFAIRS
 JUL 25 1962
 file 8/1/62

REF :

With the elections only 79 days away campaign activities have begun in earnest. Federal deputies and senators - somewhat shaken by the recent cabinet crisis but determined in the main to hold on to their congressional seats - have left Brasilia to mend political fences at home. In compliance with legal requirements, state governors in Rio de Janeiro, Espirito Santo, Sergipe, and Piaui have resigned their posts to run for Congress from their own states. In several other states, where gubernatorial terms are ending, the governors are able to remain in their posts by running for congressional seats in other states: Juracy Magalhães of Bahia will run for senator from Guanabara; Gilberto Mestrinho of Amazonas, for deputy from the Territory of Rio Branco; and Cid Sampaio of Pernambuco has been mentioned as a candidate for senator in Alagoas. Ceará Governor Parsival Barroso has not entered any election contest in his state nor has he made any serious bid for a congressional seat from any other state. In the state of São Paulo, Carvalho Pinto evidently intends to remain in the governor's post in order to devote his efforts to the election of his hand-picked successor, José Bonifacio Nogueira, a lack-luster candidate whose election chances in a tight three-way race depend heavily upon the Governor and his control over the state administration.

* This is the first of a series of weekly reports on election highlights which will continue through election day, October 7. In these reports an effort will be made to integrate election information received from the consulates and other sources into the country-wide picture. The emphasis will be on synthesis and brevity. Party initials will not be spelled out. This and other background information can be obtained from the many basic despatches already prepared in the Brazilian Election series, particularly Embassy Despatches 891 of May 14, 1962 and 960 of June 8, 1962.

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FORM 4-62 DS-323

Drafted by: R. Dean, E. Walters, R. Schneider, L. Cooley

Contents and Classification Approved by: Robert W. Dean

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The formation of the new Cabinet has resulted in several changes in election plans. The new Labor Minister, Hermes Lima, who is now ineligible to run for the Senate, may be substituted for in the Guanabara race by former Foreign Minister San Tiago Dantas who would thus drop his candidacy for re-election to the Chamber of Deputies in Minas Gerais. The Minister-designate of Industry and Commerce, São Paulo industrialist José Ermirio de Moraes, must also exit the Pernambuco senatorial race if he is to accept the new post, and Minister of Agriculture, Renato Costa Lima, will no longer run for senator in São Paulo.

Suddenly aware of the shortness of remaining campaign time, the political parties have accelerated their efforts to line up election support and to name their candidates. Although in typical Brazilian fashion, state elections will be marked by the most hybrid and varying party coalitions, a coalition effort on the national level by the self-styled "parties of the center" (UDN, PSD, PSP, etc.) may be in the making to counter the strong position within the Goulart Administration now held by the PTB.

Pernambuco

The desperate struggle, led by Governor Cid Sampaio, to locate the man and the political wherewithal to stem the tide of front-running commie-lining Miguel Arraes in the Pernambuco gubernatorial race, has assumed dramatic and - for Sampaio - gloomy new proportions. The launching of José Neves (44 year old lawyer, former Secretary of Interior and Justice, and brother of PTB Antonio Neves) as the UDN candidate in the place of João Cleofas had been calculated to breathe new life into the UDN campaign, obtain the official backing of the PTB, and attract the bulk of the PSD support with the expected withdrawal (and endorsement of Neves) by Armando Monteiro Filho from the race. The strategy backfired: (1) the "betrayal" of the Cleofas candidacy has alienated several key UDN leaders and voters and has split the Party, (2) Armando Monteiro Filho, arriving in Recife on July 11, instead of renouncing, intensified his campaign as the PSP and PSD-dissident candidate, and (3) the PTB State Convention, on July 19, officially endorsed Mayor Arraes as its candidate. The PSD is expected to follow the PTB lead at its forthcoming convention.

São Paulo

Recent developments in the closely-contested gubernatorial campaign tend to strengthen the position of administrative candidate José Bonifácio Nogueira, who has gained the backing of the PTB along with the already strong UDN-PDC-PR-PRT-PST coalition Governor Carvalho Pinto had put together. Moreover, the withdrawal of PSD candidate Moura Andrade has increased the likelihood that the PSD will join the "popular front" or leave its members free to choose between Nogueira and Adhemar de Barros, the PSP candidate. However, the situation is still in flux with friction between the UDN and PTB. (Ex-President Jânio Quadros, who has continued to draw heavy crowds, has the formal support of the PIN, PL, and MRT, while far-leftist Cid Franco remains in the race as the PSB standard-bearer.) At the same time, the entries in

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the race for vice governor appear to have been completed with Teotonio Monteiro de Barros Filho named as Adhemar's running mate and extreme-leftist Rogé Ferreira getting the PSB nod. (Other candidates are Laudo Natal of the PR, Fauze Carlos of the PTN, Brigadeiro Paulo Lima for the PL and MRT, and Antonio Mauricio Rocha for the PRP.) For the two senate seats, São Paulo's estimated 3.7 million voters will choose from among the incumbent Lino de Mattos of the PTN (Moura Andrade may not chose to run again) and such formidable campaigners as Roberto de Abreu Sodré (UDN), Mario Beni (PSP), Antonio de Queiros Filho (PDC), and probably Nelson Omega and/or Almino Affonso of the PTB.

Rio Grande do Sul

In the Rio Grande do Sul gubernatorial contest, there appears to be no direct heir to the pro-Communist, ultra-nationalist reign of Governor Leonel Brizzola. PTB candidate Egidio Michaelsen, a conservative banker, is definitely not a Brizzola man. Brizzola has not come out strongly in support of Michaelsen, nor has the latter carried Brizzola's favor. In the three-way race, Michaelsen is presently given little chance of election. Clearly in the lead thus far is Ildo Meneghetti, candidate of the ADP (Ação Democrática Popular, a coalition of the PSD, UDN, PL, PDC and PRP). MTR candidate Fernando Ferrari is hampered by lack of party machinery and campaign funds, but he is a more colorful candidate than either of his rivals and has the exceptionally strong vote-getting record. Opinion at present is that he might well win the urban vote, but that his lead there will be insufficient to overcome Meneghetti's greater strength in the rural area.

Guanabara

The crucial question around which the whirlpool of Guanabara election politics is swirling at present is whether Governor Carlos Lacerda and the UDN will be able to maintain a workable majority for the anti-communist government which presently exists in the state. Lacerda is having difficulty finding popular figures to lead the lists of the UDN (in probable coalition with the PSD), since his own very popular name will not appear on the ballot this year. On the other hand, the leftists, under the leadership of the PTB, are making a major bid for control of the Guanabara state assembly and are lining up one nationally known candidate after another for the Federal Senate, Chamber, and vice-gubernatorial posts available in the state in an attempt to undermine the Lacerda regime. Furthermore, the leftists are amassing mighty campaign communications strength-Brizzola has already bought the radio-TV station Mayrink Veiga and is negotiating for the purchase of Jornal do Brasil.

Rio de Janeiro

Governor Celso Peçanha, PSD, turned over the governorship of Rio de Janeiro to the President of the State Assembly, Carvalho Janoti, PSD, on July 6, 1962. Peçanha will be a PSD candidate for the Senate. Within 72 hours, Peçanha - for reasons of "rest and relaxation" - was en route to Switzerland, Czechoslovakia, and the USSR. In Moscow, he will attend the "World Peace Conference."

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An imminent court decision will determine whether Janotti will continue as interim governor or make way for José Kezem, PSD, chosen vice-governor after a dubious constitutional amendment. Depending on which way the then confirmed governor throws the weight of the state's administrative machinery, either Paulo Fernandes, PSD, or coalition candidate Miguel Couto, now evenly matched in the gubernatorial race, will forge ahead.

Bahia

The electoral alliance of the UDN, PTB and PR formed to support gubernatorial candidate Antonio Lomanto Junior was threatened by the PTB's indignation arising from Governor Juracy Magalhães' participation in a Carlos Lacerda (and anti-Goulart) political rally in Guanabara. During this rally, Governor Magalhães was endorsed by Lacerda as a senatorial candidate in the Guanabara race.

Espirito Santo

Governor Carlos Lindenberg, PSD candidate for the Senate, resigned his gubernatorial post. Since Vice Governor Raul Giubertti is also a senatorial candidate and was resigning, the governorship was turned over to the President of the State Assembly, 35 year old Hélsio Pinheiro Cordeiro (UDN), who expects to step down next month when he begins his campaign for re-election to the State Legislative Assembly. This rapid succession of governors illustrates one of the problems stemming from the Brazilian electoral requirement that governors, cabinet members and certain other officials resign from office to be eligible to run for election.

For the Ambassador

Robert W. Dean

Robert W. Dean
First Secretary of Embassy

APPROVED BY:

Niles W. Bond

Niles W. Bond
Deputy Chief of Mission

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| AGR | COM | FRD | FROM : Amconsul, BELEM, PARA, BRAZIL | | | DATE: July 20, 1962 | | | JWA | | |
| INT | LAB | TAR | SUBJECT : Brazilian Elections, 1962; Report No. 6 - July 14-20 - STATE | | | DATE: July 20, 1962 | | | EST/6 | | |
| TR | XMB | AIR | REF : - | | | DATE: July 20, 1962 | | | file JWA 7/30/62 | | |
| ARMY | CIA | NAVY | The pause in the game of selecting a Prime Minister and Cabinet | | | has been felt by a sudden absence in the local press of coverage on | | | political party intrigues, manipulations and compromises on the | | |
| 5 | 10 | 3 | national level. All that is heard is the expression of personal | | | opinions as to the possible duration of Dr. Francisco Brochado da Rocha | | | as Premier. | | |
| DSD | OSIA | NSA | One such expression, voiced by a senior officer of one of the | | | branches of the Brazilian armed forces, is that Brochado da Rocha's | | | is a caretaker's government, to last until the coming elections at | | |
| 12 | 8 | 3 | which time a new President of the Council of Ministers is selected or | | | the country reverts to a presidential form of government, a system with | | | which he is in full accord. | | |
| | | | Much is heard of the "single ballot" (cedula unica) which is at | | | present under consideration by the President. Most persons queried | | | have said that the single ballot will be a vast improvement in efficiency | | |
| | | | and honesty over the system now in use. They wonder, however, whether | | | this is the best time to introduce it universally, so soon prior to the | | | elections. It is feared that in the less sophisticated interior areas | | |
| | | | there will not be enough time to educate the electorate in its proper | | | use, and that abuses may arise. | | | | | |
| | | | Not properly in keeping with local reaction to national politics, | | | but of significant political interest is the trial balloon sent up | | | by the PSD of Para. Governor Aurelio do Carmo and Mayor Moura Carvalho | | |
| | | | have been on a political 13-day junket of the interior of Para. About | | | | | | | | |
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a week ago, and again this week, the Mayor's newspaper "O Liberal" came out with a blazing headline which stated that the people of the interior of Para had, by acclamation, urged that in 1965 the Governor run for Senator and that the Mayor again run for the governorship of Para.

During a visit this week to co-party workers in Para, Francisco Rodrigues Alves Filho, President of the São Paulo Regional Directory of the Partido Libertador and federal deputy candidate on the combined PL, MTR, PTN slate from São Paulo told the press that Janio Quadros would be elected Governor of São Paulo in October. His closest rival will be Adhemar de Barros, he claimed. Rodrigues Alves added that José Bonifácio had "no chance of winning". It is no surprise that Quadros is Rodrigues Alves' choice to win since both are running on the PL, MTR, PTN coalition ticket.

Edward J. Holway, Jr.
Edward J. Holway, Jr.
American Consul

cc: Amembassy, Rio
" Brasília

Department please pass to all posts in Brazil

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| E | P | ID | FROM : AmEmbassy, RIO DE JANEIRO | | | DATE: July 20, 1962 | | |
| L | FBO | AID 11 | SUBJECT: Editorial Advice to Finance Minister Designate Walter Moreira Salles | | | JUL 26 1962 DEPARTMENT OF STATE BUREAU OF AFFAIRS | | |
| AGR | COM | PRB | REF : CERF D-12 | | | <i>Jww/jll/gat</i> <i>10/7/62</i> | | |
| INT | LAB | TAR | Attached is a translation of an editorial in the July 19, 1962 issue of the Jornal do Comercio, published in Rio de Janeiro. This editorial advises Mr. Moreira Salles not to take the post which he has been named. It is the only editorial opinion on this subject which has come to the reporting officer's attention. The Jornal do Comercio is a newspaper of the Chateaubriand chain and tends to represent a sector of business opinion. Other business views appear favorable to Moreira Salles' accepting the Ministry. For example, the Federation and Center of Industry of São Paulo has reportedly sent a telegram to Paris urging Moreira Salles to accept in order to help "establish a climate of tranquility and confidence, so necessary for national progress". | | | | | |
| TR | XMS | AIR | Press news continues contradictory on whether or not Mr. Moreira Salles will agree to head the Finance Ministry in the Brochado da Rocha Cabinet. On July 13, when his name was approved by the Chamber, together with the rest of the Cabinet, Moreira Salles was in Paris preparing to take over Brazilian representation to the Common Market Community. Since that time, there has been no final confirmed word from him on his attitude toward the nomination. | | | | | |
| ARMY | CIA | NAVY | Another possible alternative was mentioned in the July 19 issue of the newspaper O Estado do São Paulo, and | | | | | |
| 5 | 10 | 3 | Encl: Translation of Editorial | | | | | |
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Page 2
Airgram A-94
Rio de Janeiro

attributed to "sources in the Presidential office". This is a suggestion that Moreira Salles would accept the Finance Ministry for a temporary period of 45 days, after which the post would be turned over to an Under Secretary, "probably" Mr. Miguel Calmon. Miguel Calmon is a Federal Deputy from Bahia and Director of the Banco Economico da Bahia. His name figured prominently in the speculation about who would be the Finance Minister in the Cabinet of Mauro Andrade, if the latter had been able to form a Cabinet.

Moreira Salles arrived in Rio de Janeiro on July 19 on his way to see Prime Minister Brochado da Rocha and President Goulart, in Brasilia. Presumably, therefore, there will shortly be an announcement of his definitive plans.

For the Ambassador:

Ralph V. Korp
Ralph V. Korp
Financial Attache

(S) As this airgram was being prepared for transmittal, the Rio Newspaper Diario de Noticias, published an editorial on July 20. This editorial blamed Moreira Salles for his indecision in the face of rapidly deteriorating financial position of the country. It called for an end to delay in tackling the problems facing the Finance Ministry.

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Page 1
Encl 1
Airgram A-94
Rio de Janeiro

INFORMAL TRANSLATION

Source: Jornal do Comercio
July 19, 1962

Mr. Walther Moreira Salles should count up to ten before accepting the post offered to him by Mr. Brochado da Rocha. The President of the Council espouses a Governmental program which could be marvelously executed, if the Minister of Finance were, for example, a Mr. Brizzola. Why would he choose the ex-Ambassador to Washington? Does he plan to deceive him or fool the people?

Mr. Moreira Salles had wanted to maintain currency in circulation at its level in December of 1961. During the first four months of the year he succeeded in stopping "the guitar". However, during May and June, with an emission of Cr\$30 billion, there was an increase in the circulation of 9.6 percent, compared with the last day of last year. From now on there are pressures on the money market to take care of the 13th month pay, wage increases (many wage contracts are renegotiated during the second half of the year) and the payment of a so-called "voluntary loans" which are nothing else but additions to the income tax. In the foreign exchange sector, the deficit for the first half of the year reached \$150 million. What can Mr. Walther Moreira Salles do if he cannot count on, as he certainly cannot count on, the support of the actual government whose chief is not the elected Prime Minister?

The new Minister would find himself still confronted with the food supply crisis which has already consumed Cr\$7 billion which have been paid as subsidies by the Bank of Brazil through the means of /new/ emissions; that is, as a result of the disagreement between COFAP and the Rice Institute. This "battle" within the Government has apparently already brought forth the President of the Bank of Brazil as an adversary to the "President" of the Price Commission ("everything indicates that the pricing of COFAP does not conform with reality" declared Mr. Ney Galvão before the Senatorial committee of inquiry which is investigating the causes of the food crisis).

As a consequence of the Government's views on economic matters, Mr. Moreira Salles is confronted with a concept that profit is something sordid and anti-social. The Leftists, which have come to power without following the usual road -- that of the vote -- do not recognize the high social character of the modern enterprise and continue to combat a capitalism which today no longer exists in the world.

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Page 2
Encl 1
Airgram A-94
Rio de Janeiro

Mr. Moreira Salles carries, among other titles, that of a leader of the producing classes. He will be used by the Cabinet in order to "put things in order" with the international financial agencies, that is, in order to make promises abroad which the Government, a priori, declares it cannot honor -- that suffices to execute the program. Inasmuch as he cannot accomplish anything useful, having against him the thinking and the action of the Government, the Minister will end up administering things badly and will appear before public opinion clothed with responsibility for "the hunger of the people".

The indications we have from Mr. Moreira Salles show that all these obstacles are weighing on his spirit. We wish that this eminent public person will place conditions on his acceptance. It is necessary that in this farce which the Nation is witnessing, the papers of each character should be well marked. The Finance Minister cannot assume his duties without repudiating the program of Brochado da Rocha. And this he does not have the power to do because he was elected on the basis of a plan of action endorsed by the Chamber.

The position of Mr. Moreira Salles is, therefore, extremely delicate. We would prefer that the productive classes would remain represented in the Cabinet only by Mr. Ermirio de Moraes, that is by a defender of good relations between public and private monopolies.

At this moment, the Nation requires clarity. This is the only way of frustrating the plans of those who profit from confusion. The best contribution which Mr. Moreira Salles could make to Brazil, at the present moment, would be to refuse to help those who are making risky experiments in this suffering Republic.

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| AGR | COM | FRD | SUBJECT: Further Evidence of Fraud in June Three Congressional Elections | | | REF : | | |
| INT | LAB | TAR | REF : | | | While on a recent trip into the Beni, I obtained the following information concerning fraud perpetrated by the <u>Movimiento Nacionalista Revolucionario (MNR)</u> in that isolated area of Bolivia during the June 3 Congressional Elections: | | |
| TR | XMB | AIR | At Santa Ana de Yacuma, Don José Chavez Suárez, a close friend of mine who has held several positions of cabinet rank under previous administrations, told me that the MNR received 900 votes in a small village called Peru, which is located about fifteen kilometers from Santa Ana. Don José, who knows practically every person in this village, said that its total population, counting men, women and children, does not exceed one hundred persons. Don Jose's statement in the above regard was confirmed to me by Don Miguel Cuellar, an important cattleman who has a cattle ranch near Peru and who is well and favorably known to me. | | | The Maryknoll Fathers at Riberalta told me that the MNR was favored with 1,107 votes at Cachueta Esperanza, a small town located on the Beni River with a population of 600 inhabitants. They also said that at Villa Bella, a village located at the confluence of the Madera and Beni Rivers, with a population of 60 inhabitants, the official party received 1,261 votes. The Father's took a census at Cachueta Esperanza and Villa Bella the early part of this year. | | |
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- 2 -

Assuming that the Father's information concerning the number of votes received by the MNR in these two places is correct, it would seem that the MNR officials there must have burned a considerable amount of midnight oil stuffing the ballot boxes.


Paul B. Carr
American Consul

cc: AmEmbassy, La Paz

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DEPARTMENT OF STATE
AIRGRAM

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A-87 SECRET PRIORITY-AIR POUCH
NO. HANDLING INDICATOR

TO : Department of State

This document consists of 7 pages
envelopes of 12 copies, Series B

FROM : Embassy, Brasilia Office DATE: July 20, 1962

SUBJECT: Goulart Plan to Change Parliamentary System in Brazil

REF : COPY NO. SERIES B

All 12 envelopes - 1 of 12 copies, 7 pages, 12 copies, 7 pages

Introduction

The Embassy presents the following thesis as partial explanation of recent developments in Brazil and as a basis on which future developments may be projected and evaluated. Some of the bases for the thesis are obviously speculative, but most are grounded on information from a variety of sources which appear to fit a pattern which may be discerned in otherwise inexplicable and apparently contradictory acts and attitudes of Brazilian political and military leaders.

The Plan

The thesis is that a plan with widespread ramifications has been developed in Brazil, coordinated by President Goulart and directed by his immediate subordinates, the ostensible objective of which is to bring about the downfall of the parliamentary system of government and the return to Goulart of the full powers possessed by the Chief Executive before the passage of the constitutional amendment installing the parliamentary system last September. Some of the methods used in carrying out the plan seem so devious and secretive as almost to justify use of the word "plot" rather than "plan."

Privy to the plan seem to be such otherwise politically disparate elements as, on the left, the extreme-left Grupo Compacto of the PTB, led by Deputy Almino Afonso; leftist-nationalist labor leaders, possibly Communist leaders also;

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Dated by: Pradno/jhm Contents and Classification Approved by:

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Airgram A-87
Brasilia Office

Samuel Welner, publisher of the growing *Ultima Hora* chain of newspapers; and in the center and right, ex-President Juscelino Kubitschek; São Paulo Governor Carvalho Pinto; Minas Gerais Governor Magalhães Pinto and other more or less conservative governors; key military figures such as ex-War Minister Segadas Viana, present War Minister Nelson de Melo, First Army Commander General Osvaldo Alves, Third Army Commander General Jair Ribeiro.

The President's principal subordinates responsible for coordinating the effort appear to be General Amaury Kruehl, Chief of the Military Household, in the military field; Dr. Antonio Balbino, Legal Adviser (Consultor-Geral) of the Republic, responsible for political coordination; and Raul Ryff, the President's press secretary charged with coordinating information media and psychological planning.[§] Other advisers, such as Santiago Dantas as a species of strategist and Attorney General Evandro Lins e Silva, who has been dealing with legal aspects, seem to have prominent parts.

The Methods

The Embassy believes that the methods employed in the plan or "plot" are best explained by the following:

The Embassy has referred briefly in telegrams to the Department for a source close to ex-Prime Minister Tancredo Neves, (Sr. Roberto Pompeu de Souza, press officer to the Council of Ministers) who explained to the reporting officer a theory on the meaning of the Santiago Dantas nomination, which it is believed is very pertinent to recent political developments. According to Pompeu de Souza, in proposing Santiago Dantas as Prime Minister, the President was attempting to emulate his mentor the late President Getulio Vargas in a maneuver almost identical with that carried out by Vargas in 1937. At that time Vargas who sought dictatorial powers encouraged the gubernatorial election in São Paulo to reach such tension over a quarrel between left and right that when the President himself stepped in and asked for dictatorial powers the people breathed a sigh of relief and permitted Vargas to take over. According to Pompeu de Souza, Goulart is attempting to do exactly the same with the difference that he does not seek dictatorial powers, probably because he knows he cannot obtain them. This game is called by Pompeu de Souza a "Garincha" play after the famed Brazilian football player whose style is to take great risks in the hopes of great gains. Thus Goulart, according to him, was using labor unions, student organizations and other normally non-political entities to

[§] In the process Ryff seems to be establishing an effective administration propaganda machine which has not yet received adequate public notice.

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3:33 p.m.

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FROM: Recife

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TO: Secretary of State

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NO: 40, July 21, Noon

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FROM: Rio de Janeiro
TO: Secretary of State
NO: 180, July 23, Noon

PRIORITY

I managed to make contact Moreira Salles Sunday evening immediately following his four-hour talk with Goulart. No decision yet on accepting Finance Ministry. Moreira Salles feels strength bargaining position and will refuse unless extensive conditions met. Had pointed out to Goulart that his own natural supporters to PSD and UDN were taking reserved attitude toward whole Cabinet, while part of Goulart's own PTB was attacking Moreira Salles violently and vilifying personally. Said Goulart indicated he now himself afraid excessive power compact group and their Communist allies.

Moreira Salles conditions for acceptance include anti-inflation as over-riding priority, termination COFAP, removal Leopoldo Antunes from BNDE, and drastic action against illegal strikes.

Goulart said he was ready to accept, provided assured support from military. Moreira Salles to meet today with three military Ministers and commanders first and third armies. Expects decision soon thereafter.

He considers regime at most critical point, degenerating toward option between Communist takeover and military coup. Goulart had said during conversation would prefer latter if faced with choice.

(1) This connection, Moreira Salles lamented vigor our reaction against

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-2- 180, July 23, Noon from Rio De Janeiro

against Peruvian coup, acknowledging justice in Peruvian case
but fearing far left here would consider it new insurance
against military counteraction.

GORDON

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DEPARTMENT OF STATE

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HANDLING INDICATOR

TO : Department of State 1962 JUL 30 PM 2 45

INFO: RIO DE JANEIRO, BRASILIA, SAO PAULO
ANALYSIS & DISTRIBUTION BRANCH

FROM : Amconsul RECIFE

DATE: July 23, 1962

SUBJECT: Weekly Summary No. 4

REF :

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[Handwritten initials]

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
JUL 30 1962
file 8/19/62

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2. Transportation Stoppage: Petroleum Strike
3. Hungarian Technicians

PSYCHOLOGICAL

POLITICAL

1. Political Campaign Developments

Spurned two weeks ago like an aging mistress, Joao CLEOFAS last week applied fresh makeup, and this week jumped back into bed with Governor Cid SAMPAIO, displacing Sampaio's new bedfellow Jose Cavalcanti NEVES. Whether Sampaio liked it or not, Cleofas was now his partner for the duration of the 1962 gubernatorial campaign. Once again, Cleofas became the Governor's candidate to inherit the throne when

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Page 2
July 23, 1962
No. A-8
Amconsul RECIFE

Sampaio leaves the Palace of Princesses in January, 1963.

The latest episode in the on-again, off-again affair took place on Friday, July 20, with a television program announcing the withdrawal of Neves and the return of Cleofas. The reason for the reverse switch was obvious to all: Neves' candidacy died aborning, while the abandonment of Cleofas created such a furor, and resulted in so much pressure being applied on Governor Sampaio, that Sampaio had to swallow his misgivings and again take Cleofas by the hand.

Cleofas returns to the race a stronger candidate than when he left it on July 9. While the same adverse factors affecting his candidacy remain--his identification with the sugar interests, his political history of defeat in two previous bids for Governor, his conservatism, etc.--he has picked up strength by finally emerging as the candidate acceptable now to all but a handful of the anti-Arraes forces. He has also showed that he does have considerable popular support, and is now riding a crest of sympathy engendered by Sampaio's inept attempt to dispose of him. Because Cld Sampaio did attempt to dispose of him he can now appear as a candidate who is not overly identified with the Governor and thus he is in a position to compete for the vote of the malcontents who habitually vote against the group in power, and the vote of the considerable segment of the voting population disenchanted with Governor Sampaio. Finally, with the now firm, though begrudging, support of the Governor, Cleofas can count on the considerable assets of the State Government to bolster his candidacy.

If Cleofas has the State Government's assets to work with, ARRAES will be able to shore up his campaign with the local assets of the Federal Government and the power that President GOULART's support implies. When the State PTB convention last week voted to nominate Arraes for Governor, it was in effect announcing that President Goulart had decided to go along with Arraes. The nomination made the PTB the third local party (with the FST and the FSB) to formally declare for Arraes. The decision to support the Recife mayor, arrived at during the short-lived candidacy of Neves, reflected the general lack of confidence in Neves as a candidate and the growing feeling that Arraes would win the election. The nomination also threw a scare into the Governor's camp and was probably a major factor in persuading the Governor to switch back to Cleofas.

The Consulate General has been informed that the PTB is now demanding that Arraes agree to allow State Deputy LUIS WILSON (PTB) share his slate as the candidate for Vice Governor. This places Arraes in a difficult

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position because PSD support of Arraes presumably would be conditioned also upon Arraes' acceptance of a member of that party as the candidate for Vice Governor. Arraes thus may have to choose between the PTB and the PSD. If he has already made a commitment to the PTB on the vice-gubernatorial candidacy, the PSD could conceivably reverse its present pro-Arraes trend and jump over to the side of Joao Cleofas, which would constitute a severely damaging blow to Arraes' chances for victory in October. (LIMITED OFFICIAL USE)

2. President Goulart to Attend Paraiba Ligas Camponesas July 29 Rally in Joao Pessoa

The Paraiba Federation of Ligas Camponesas plan to hold another rally-demonstration in Joao Pessoa on July 29. This rally, like other rallies held in recent months, apparently is intended primarily to enhance the image of the Paraiba Ligas as a potentially-explosive, sizable political force that has to be recognized and dealt with. The difference between this and previous rallies is that President Goulart is really expected to appear and to make a speech, thus lending his name and prestige to the cause of the Ligas. Goulart's presence has been rumored before (for the May 1 and July 1 rallies), but this is the first time most local observers actually expect him to appear. (OFFICIAL USE ONLY)

Comment: Goulart's presence at the rally, aside from the implications it would have of an extreme left bearing in his political course, would add new strength and prestige to the Ligas movement in Paraiba, and would make a new state political power out of FRANCISCO de ASSIS LEMOS, President of the Paraiba Ligas. Assis Lemos, locally regarded by many as a Communist, has conferred with Goulart several times in the last few months, and Goulart reportedly has allowed him to name the persons to fill recently-created SANDU posts in Sape. All of this has led Paraiba conservatives to worry that Assis Lemos has captured the President's confidence, and if Goulart shows up in Joao Pessoa on the 29th, the conservatives' concern will prove well-founded. (LIMITED OFFICIAL USE)

3. Meeting of Industrial Workers of North and Northeast

A conference of industrial workers and labor leaders of the North and Northeast was inaugurated in Recife on July 21. Governor BRIZZOLA, President Goulart and ex-Foreign Minister SAN THIAGO DANTAS were invited to attend the sessions, but sent representatives instead. Organized by CNTI leader DANTE PELACCANI during his recent visit here, the conference was called ostensibly to discuss a) the much talked of family bonus, b) the national social-economic situation, and c) industrialization of the Northeast. After three days of discussions the conference adopted the following resolutions:

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- 1.) Full support for the SUDENE Master Plan;
- 2.) Effective and rapid development of Electrobrás, with immediate nationalization of all foreign power companies;
- 3.) Defense of Petrobrás against foreign monopolies;
- 4.) Effective and radical agrarian reform;
- 5.) Tax and banking reforms to be immediately instituted;
- 6.) Increase in the minimum wage;
- 7.) Energetic measures against the high cost of living;
- 8.) Support for the continuance of Brazil's present foreign policy;
- 9.) Granting the vote to the illiterate. (UNCLASSIFIED)

Comment: The Consulate General was informed sometime ago by an officer of the local industrial workers federation that Pelaccani originally planned the conference in order to organize the area's industrial unions for a general strike in the event of any serious rightist move to force President Goulart to accept a conservative cabinet.
(OFFICIAL USE ONLY)

ECONOMIC

1. Tramways Contract Expires

The legal battle between Pernambuco Tramways and the State Government over the matter of compensation continued, though the company's assets passed into other hands during mid-week. On July 17, the day the Tramways contract expired, the Federal District Court denied a restraining order requested by Tramways, and the following day the same court assumed custody of all Tramways assets, appointing ARNALDO BARBALHO as Administrator. Thus, though the power concession has not yet passed over to the State, Pernambuco Tramways passed from the stage. The impasse over compensation appears unbroken, but Governor Sampaio gave new assurances that the State intended to comply with all legal requirements. He emphasized too that this is not a case of expropriation, but simply one of previously specified reversion of assets upon the expiration of the company's contract.

Surprisingly enough, editorials in both Jornal do Comercio and Diario de Pernambuco warned that nationalization has not always proved a solution in itself. The objective is to give efficient service at the lowest possible price. If the State could do this better than a private company, they reflected, well and good. If not, then the reversion to the State is nothing to cheer about. (UNCLASSIFIED)

Comment: Though it is true that prior compensation was not paid, as yet there is no reason to describe the Tramways issue as a case of expropriation. The company's contract has expired and a new power concession has been awarded by the Federal Government to the State of Pernambuco. Tramways' contract, moreover, provides that some equipment shall revert to the State without compensation, with the rest being compensated for at a depreciated rate. The problem now is one of determining which equipment is covered by the contract, which is subject to compensation, etc., with the case being further complicated by various fines against the company.

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Amconsul RECIFE

bills due it, charges of excess remittance of profits, etc. Sorting through the legal maze of claims and counter-claims will be a sticky problem, but one which so far has not been handled in an arbitrary fashion. Company executives, however, welcomed the intervention of the Federal Court as giving them the best possible chance of a fair deal, and were contemplating withdrawing their suit to await adjudication.

2. Transportation Stoppage: Petroleum Strike

Petroleum workers in this area who walked off the job on July 14 in demand of a 40 percent wage increase, continued their strike until a 30 percent increase was granted them late on the evening of July 21. By July 19, fuel supplies in this area were virtually exhausted, causing a 50 percent reduction in bus service and drastically reducing truck and automobile movement. By the end of the week airline companies were forced to cancel various flights into and out of Recife. The strike settlement came none too soon, for the City Transportation Company had already announced that the entire Recife bus system would grind to a halt on the 21st—with the exception of 60 electric trolley-buses. Decreased truck traffic, moreover, was already resulting in food shortages in some areas.

The transportation picture was further complicated on July 19 when all labor sectors in the port area staged a 24 hour strike in support of the petroleum workers. Congested conditions in the port were thus further exacerbated. By Saturday evening, July 21, some eight big freighters and tankers were hove to out in the roads waiting for berthing space.

At week's end, the local railway workers union was threatening to paralyze the whole Northeastern railroad system because a recently gained pay raise has yet to be reflected in their pay checks. (OFFICIAL USE ONLY)

3. Hungarian Technicians

ZOLTAN VÁKONY, described as the Commercial Attache of the Hungarian Embassy in Rio, arrived in Recife on July 18 at the head of a group of Hungarian technicians visiting the Northeast to "establish contact with SUDENE". Stating that Hungary wanted to co-operate with that organization in the implementation of various rural and urban water supply and electrification projects, Varkony described his group's primary mission as being to study the SUDENE program and determine how Hungary might best assist. (UNCLASSIFIED)

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No. A-8
Amconsul RECIFE

PSYCHOLOGICAL

Greatest coverage in the Recife press this week was given to the "expropriation" of Pernambuco Tramways by the Government of Pernambuco. Leftist Ultima Hora predictably gave a strong nationalistic slant to its reports, while the Jornal do Comercio and the Diario de Pernambuco covered the story in a more objective fashion. Editorial comment on the Tramways issue appeared only in the Jornal and the Diario, both of which reasoned that State ownership of Tramways would be a progressive step only if the State could improve the service to the public.

Another headline story for two days this week was the strike of local petroleum workers and its effect on Recife's private and public transportation and industry. Ultima Hora treated the strike in its fashion, portraying the workers as engaged in a to-the-death battle with evil, exploiting, international trusts, and made much of the use of state military police to guard the petroleum company offices. Blaring headlines of the other newspapers reflected Recife's rapidly increasing tension as gasoline stocks were exhausted and cars, trucks, and buses began to stall in all parts of the city.

Internationally, the big item of the week was the military coup in Peru, though Telstar continued to receive extensive coverage. Peru's troubles provoked no editorial comment, but ~~columnist~~ ANTONIO BEZERRA de CARVALHO thought it amusing that Brazil's Foreign Office could soberly pronounce its grave concern over developments in Peru while the situation within Brazil worsened every day. The U.S. refusal to recognize the new regime in Peru was amply and favorably reported by all papers.
(UNCLASSIFIED)

Eugene Delgado-Arias
E. Eugene Delgado-Arias
American Consul General

Contributors:

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 SS TO: Secretary of State
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 (Full memorandum being pouched)

Goulart's central theme, repeated a dozen times in various forms, was impossibility effective government under parliamentary regime and need restore presidentialism as soon as possible. Appointment present stop gap cabinet has not resolved crisis which will continue until regime changed. Goulart expects Supreme Electoral Tribunal decision July 25 favoring early plebiscite. Hinted that if change not thus made, some other means would be found.

On own political orientation Goulart placed himself in middle PTB between left wing compact group and moderate right wing, whose present strength he appraised as 30 to 70. Said large moderate parties irreconcilable opposed to him, supported by conservative press and business interests, and he intended to fight them. PTB compact group were his shock forces in this fight. Sees need for non-Communist but radical new political force for drastic social changes, since present conservative classes too short-sighted and selfish to help bring about essential structural reforms. Minimizes dangers Communist Party as such.

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-2- 196, July 24, 4 p.m. from Rio de Janeiro

On immediate economic problems, hopes Moreira Salles will accept Finance Ministry and can prevent getting wholly out of hand. But sees little real progress until regime changed.

On AFP, wants to cooperate, recognizes that Brazil has not been doing its part, but believes impossible do its part properly until regime changed.

GORDON

LM:RB

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ORIGIN/ACTION*

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TO : Department of State 1962 JUL 30 PM 2 45

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ANALYSIS & DISTRIBUTION BRANCH

*no action
APR/EST/15
3/16/62
S.W. Wilson*

FROM : Amconsul SALVADOR, Brazil

DATE: July 24, 1962

SUBJECT : Brazilian Elections 1962: Lomanto and Pires in Bahia, June 22 - July 24, 1962

REF :

AUG 1 1962

In a last-minute surprise action designed to secure the support of the PR and the PTB, the Bahia UDN state convention on June 30 nominated Antonio Lomanto Junior, PL (IV or V) mayor of Jequié, for the Governorship. It now appears that Lomanto (who has apparently decided to switch to the PTB) will be running with the support of the UDN, most of the PR, the PTB, the PRP, and the PRT, as well as part of the PDC.

On July 22, the PSD state convention nominated Francisco Waldir Pires de Souza (PSD - III or IV) for the governorship, thus confirming the earlier decision of the Directorio Regional of the party. Pires will apparently enjoy the support of the PSD, the PL, the PTN, the PSI, the PSP, part of the PDC, a fragment of the PR, the FSE, and the PCB.

The balance of forces between Lomanto and Pires is as yet unclear, but Pires may have the edge. Pires has the support of approximately 32 of the 60 deputies in the Bahia state assembly, but apparently only 13 of Bahia's 27 federal deputies. He has the advantage of having waged a successful campaign to impose his candidacy on the PSD, while Lomanto's campaign had definitely fizzled before he unexpectedly seized upon as the compromise solution designed to hold together the uneasy bedfellows of the PR and the PTB, led by Manoel Novais (PR - VI) and Clemens Vaz Sampaio (PTB - III or IV), each of whom wanted the other party's nomination for himself.

According to Bahia press reports, when the question was posed to Brazilian president Joao Goulart (PTB - III or IV) for solution, Goulart chose Lomanto. Lomanto was thus submitted to a UDN convention which had all but decided to support Bahia state Secretario de Fazenda Josaphat Marinho (PL - IV or V), and in a scramble of last-minute back-room

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decision-making by UDN leaders, the convention's support was switched to Lomanto.

This switch actually occurred while the convention was in session, and after most Bahiano observers believed that the UDN was already committed to Marinho. The convention opened on June 29, and one Bahiano political columnist said that day that there was "no doubt as to the final victory of Josaphat Marinho, who has already won the support of the UDN insiders." Another similarly predicted the same day that Marinho would get the nod. In the opening session, Governor Juracy Montenegro Magalhães (UDN V) and his son, state deputy Juracy Magalhães Junior (UDN IV or V), both recommended the consideration of Josaphat Marinho.

On the morning of June 30, Clemens Sampaio (PTB) and Manoel Novais (PR), who had just returned from Brasilia via Jequié, where they had picked up Lomanto, called UDN state chairman Ruy Santos (V or VI) to tell him that the PR and the PTB were planning to back Lomanto. A meeting was arranged, and it was finally agreed that Lomanto's name would be submitted to the UDN state convention. By the close of the day, Lomanto had been approved by the convention.

The convention also nominated the state Secretario da Agricultura, João da Costa Pinto Dantas Junior (UDN - V or VI) for the Senate. He will probably be a weak candidate. According to an unconfirmed report, Secretario de Educaçao Wilson Lins (PR V or VI) was nominated for Vice Governor and Senator João de Lima Teixeira (PTB IV, V, or VI) for Senator. Lins is also a candidate for Mayor of Salvador, and indicated reservations about the report of his nomination; it seems likely that the vice gubernatorial nomination will go to a UDN candidate, possibly Salvador Mayor Heitor Dias (UDN IV), who was reportedly miffed at having been by-passed by the convention for the governorship, and who was nominated for the federal Chamber of Deputies but asked that his registration be withheld for the time. In any coalition based on a UDN-PTB alliance, it is probable that incumbent Senator Lima Teixeira will be renominated, and it is probable that the UDN decided to await the PTB's nomination before confirming it themselves.

Other nominations reported to have been made by the UDN convention were the party's candidates for federal and state deputies. The federal deputy nominations were as follows:

Rafael Cincura, (V or VI) elected federal deputy in 1958 and

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various times before that, Secretary of Public Security in the State government, an old friend of Juracy Magalhães, who is not overwhelmingly talented but who enjoys political job-security through the possession of an electoral fief in the south center of the state, where his family has owned a sertão fazenda since the early Eighteenth Century; he sometimes laughingly refers to himself as a latifundista.

Ruy Santos (V or VI), elected federal deputy in 1958, Secretary of the State Government, one of Magalhães' speech-writers and the state chairman of the UDN, a pleasant old-time party wheel-horse who may be much more intelligent than is indicated by his appearance.

Antônio Carlos Magalhães (V or VI), incumbent running for reelection. Balbino's man in the UDN, he is said to have declared that in a fight between Juracy Magalhães and Balbino, he would side with Balbino. Won 18,446 votes in 1958.

João Batista Alves de Macêdo (IV or V), incumbent running for reelection. Alves de Macêdo is perhaps the leading Janista in the UDN federal delegation from Bahia, and led a ~~sharp~~ sort of revolt against Juracy during the period right after Jânio's return last March. His stronghold is the cacao region around Ilheus and Itabuna, in the southeast of the state. He won 21,075 votes in 1958.

João Mendes da Costa Filho (VI), incumbent running for reelection. He is the leader of the Aliança Democrática Nacional, a conservative parliamentary grouping which cuts across party lines. He won 13,273 votes in 1958.

Edwaldo de Oliveira Flores (III, IV, or V), an incumbent running for reelection. He was a member of the Frente Parlamentar Nacionalista who went to the States on a leader grant during March, 1962, and returned apparently rather favorably impressed by what he saw. He won 14,007 votes in 1958.

Vasco Azevedo Filho, incumbent seeking reelection. He has a reputation as a road specialist, perhaps not too honest. He won 13,343 votes in 1958.

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Manequim Dantas, suplente seeking reelection. A former police captain, who won 8,441 votes in 1958, he has the reputation of having been "the king of the jogo de bicho" in Salvador.

Wilson da Costa Falcão, Janista state deputy from Feira de Santana, where his family is powerful. During the January, 1962, PETROBRAS strike against the dismissal of Geonísio Barroso as president of that organization, he sided with the strikers, although he paid lip service to nationalist objectives. Probably an opportunist, like other members of his family. João da Costa Falcão, a former Communist, who is the publisher of the frequently pro-Communist Jornal da Bahia, is his brother.

Heitor Dias, (IV), mayor of Salvador. Dias reportedly asked that his nomination be withheld, either because he plans to join the PTB (he has told officers of the Consulate that he feels the PTB is the party of the future, and recent press reports have stated that he will join the PTB); in pique at having received no better nomination; or because, as one report has it, he wishes to remain in the prefeitura until the last possible moment.

Oscar Cardoso da Silva, a Janista state deputy.

Alcísio da Costa Short, who has been a state deputy for fifteen years. He opposed Jânio after his return in March, 1962.

João Carlos Tourinho Dantas (V or VI), a state deputy who recently is supposed to have declared on a television program that Brazil is making real progress and that there is really no serious crisis in its society or its economy, citing as his evidence the increase in the numbers of radios, telephones, shoes, etc. He opposed Jânio after his return in March, 1962.

These thirteen candidates will be seeking to expand the Bahia UDN's representation in the federal chamber from its present seven seats. With the expansion of the over-all Bahia representation from 27 to 31 seats, the UDN's representation will automatically expand to eight seats if there is no change in its voting strength.

These results of the UDN convention had as one result the withdrawal of the PL from its alliance with the UDN, while presumably at the same

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time cementing the UDN's alliance with the PTB and the PR. There was some rebellion in the ranks of the PTB, apparently quelled by Clemens Sampaio, because a PTB man was not chosen.

Similarly, in the PR, Vice Governor Orlando Moscozo Barreto de Araujo (V) went over to an open alliance with the PSD, where he has long had links with Balbino, taking with him one of the eight PR state deputies. Moscozo was rewarded on July 21 with the PSD's nomination for re-election to the vice governorship, and also, he has privately informed the consul, with the promise from Pires of some other important position for one of his followers, such as a senatorship, the presidency of the Bank of Brazil or of the Economic Development Bank, or the Chairmanship of the São Francisco Valley Commission, now held by Novais' man Renato Medeiros Neto of the PTB. Moscozo maintains that these federal jobs will be in Pires' giving because Pires has the backing of Goulart. He claims that the PTB will desert Clemens Sampaio and will not vote for Lomanto. There may be some truth in this, but it does appear at the moment that Goulart is behind Sampaio and Lomanto.

The highest price that Governor Magalhães' alliance had to pay for the nomination of Lomanto seems to have been the loss of the PL, ostensibly Lomanto's own party. The PL had its heart set on Marinho, and was quite miffed at the apparently high-handed way that the UDN switched from Marinho to Lomanto. Moreover, Lomanto has been altogether too close to the PTB for the PL's liking, and PL state chairman Luiz Viana Filho announced to the press on June 23 ~~that~~ that Lomanto does not represent the PL, since he has already told Viana that he is changing over to the PTB.

That the gain of the PTB made the loss of the PL worthwhile is evidenced by the fact that the PTB has three federal deputies as compared with one for the PL, and five state deputies as compared with three for the PL. Moreover, at least one PSD federal deputy, Nonato Marques, has announced that he is shifting to the PTB because he was a follower of Tarcilo Vieira de Mello, the pro-Juracy leader of the PSD. Vieira de Mello himself appeared at the PSD state convention to declare that he was returning to the fold, and there were ostentatious photographs of him and Balbino beaming benignly at the photographers. He will run for reelection as federal deputy while Balbino runs for senator.

The disappointed followers of Marinho for a while thought of running him as a third candidate against Pires and Lomanto, but in the end decided, according to Moscozo, to throw in with Pires, thus adding strength to his candidacy.

Like the UDN, the PSD has nominated only one candidate to fill the two Senate vacancies. It is to be assumed that it will back a candidate

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nominated by one of the other parties in the Pires coalition, perhaps Marinho of the PL.

Another possible senatorial candidate on the side of Pires would be PL federal deputy Nestor Duarte. The Consulate has not yet seen a list of the PSD candidates for federal deputy.

C. Dirck Keyser

C. Dirck Keyser
American Consul

cc: Political Section, Rio, and Political Section, Brasilia
Department please pass copies to Belem, Recife, and Consular Section, Rio.

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| NEA | CU | INT | NO. | | | HANDLING INDICATOR | | |
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| L | FBO | AID | FROM : Amembassy BRASILIA Office | | | DATE: July 24, 1962 | | |
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| INT | LOGS | TAM | REF : | | | file juw | | |
| TR | MMB | AIR | On June 15, President Goulart signed a law raising the territory of Acre to statehood. A copy of this law, as published in the <u>Diario Oficial</u> is appended as enclosure No. 1. Generally, the provisions of this legislation are unexceptional. Politically, however, it is noteworthy that the new state is enjoined to hold elections for a governor and fifteen members of a constituent assembly within the next three months (the exact date to be set by the electoral courts). The new state will also elect seven federal deputies and three federal senators in the October 7 national elections ---in accordance with a July 18 ruling of the Supreme Electoral Tribunal which set that date for the election of the ten federal representatives to which the new state is entitled by the Constitution. (It is of interest that this increase in Acre's representation will raise the total number of federal deputies to be elected in this year's elections to 409--rather than the 404 reported in the Embassy's Airgram A-51.) | | | As of possible intelligence interest, a short account of the new state's history which appeared in a recent edition of O Estado de São Paulo is included as Enclosure | | |
| ARMY | USA | NAVY | APPROVED: | | | For the Ambassador: | | |
| 5 | 10 | 3 | <i>Philip Raine</i> | | | <i>Harry A. Quinn</i> | | |
| 12 | 8 | 3 | Philip Raine Counselor of Embassy for Political Affairs | | | Harry A. Quinn Second Secretary of Embassy | | |
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PAGE 2
AIRGRAM NO. A-103
BRASILIA OFFICE

Enclosures:

1. Copy of Law Making Acre
a State from Diario Official
2. Short Account of the new state's
history, O Estado de São Paulo

DISTRIBUTION: All consulates in Brazil, Service Attachés, USIS,
Econ (2), Pol II, Labor; Pol Rio (5), CF (3),
Pol Brasilia (5)/30.

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Enclosure No. 1
Airmgram No. A-103
Brasília Office

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DIÁRIO OFICIAL

SEÇÃO I - PARTE I
DECRETO Nº 46.237 — DE 10 DE JUNHO DE 1959

ANO CI — Nº 117

CAPITAL FEDERAL

SEXTA-FEIRA, 23
22 DE JUNHO DE 1962

LEI Nº 4.069 — de 12 de JUNHO de 1962

ATOS DO PODER LEGISLATIVO

LEI Nº 40

Assegura isenção do imposto de renda e adicional de renda de indústrias de beneficiamento e de artigos de borracha, e de beneficiamento e beneficiamento de juta, localizadas no Amazonas.

O Presidente da República;
Faço saber que o Congresso Nacional decreta e eu sanciono a seguinte Lei:

Art. 1º Fica assegurada isenção do imposto de renda e respectivo adicional, às pessoas jurídicas localizadas no Amazonas que promoverem o beneficiamento ou a manufatura de matéria prima regional — borracha, juta e amêndoas ou sementes oleaginosas.

Parágrafo único. O prazo de isenção, que será de 5 (cinco) anos para as indústrias de simples beneficiamento e de 30 (trinta) anos para as de transformação, se contará a partir da vigência desta lei para os empreendimentos já em atividade e do início do funcionamento para os que se vierem a instalar.

Art. 2º Considera-se Amazônia, para os efeitos da presente lei, a região geográfica delimitada no art. 3º da Lei nº 1.368, de 8 de janeiro de 1963.

Art. 3º Esta lei entrará em vigor na data de sua publicação, revogadas as disposições em contrário. Brasília, 12 de junho de 1962; 141º da Independência e 94ª da República.

Júlio Gonzales

Fernando Neves

Walter Moreira Salles

LEI Nº 4.070 — de 12 de JUNHO de 1962

Muda o Território do Acre e categoria do Estado e dá outras providências.

O Presidente da República;
Faço saber que o Congresso Nacional decreta e eu sanciono a seguinte Lei:

Art. 1º O Território do Acre, com suas atuais limites é erigido em Estado do Acre.

Art. 2º A Justiça Eleitoral ficará, dentro de três meses, após a promulgação da presente lei, e data das eleições do Governador e de deputados à Assembleia Legislativa, os quais serão em número de quinze e terão, inicialmente, funções constituintes.

Art. 3º A Assembleia Legislativa reunir-se-á dentro de dez dias da diplomação sob a direção do Presidente do Tribunal Regional Eleitoral, por convocação deste, e elegerá a sua Mesa.

Parágrafo único. Se, dentro do prazo acima, após a instalação da Assembleia, não for promulgada a Constituição Estadual, o Estado do Acre será submetido automaticamente à

do Estado do Amazonas, até que a reforme pelo processo nela estabelecido.

Art. 4º A posse do primeiro Governador se fará perante a Assembleia Legislativa, no dia da promulgação da Constituição Estadual.

Parágrafo único. Até essa data, o Estado do Acre ficará sob a administração do Governo Federal, através de um Governador provisório.

Art. 5º ... (RETRAI)...

Art. 6º ... (RETRAI)...

Parágrafo único. ... (RETRAI)...

Art. 7º As dotações consignadas no atual Orçamento Geral da União, para o Território do Acre, serão transferidas à aplicação do Governo do Estado, mediante convênio.

Parágrafo único. No exercício financeiro subsequente ao da promulgação da Constituição Estadual, o Governo do Acre preterirá da União um auxílio correspondente ao valor global das verbas orçamentárias que hajam sido atribuídas ao Território, no exercício anterior.

Art. 8º A União celebrará convênio com o Estado do Acre, a vigorar do exercício financeiro seguinte, ao da promulgação da Constituição do Estado, para que:

a) a União concorra durante o período de dez anos contínuos com um auxílio anual não inferior a ... CR\$ 300.000.000,00 (trezentos milhões de cruzeiros) e mais, por tempo indeterminado, com a contribuição de que trata o art. 9º § 1º;

b) e Estado se obrigue, no mesmo prazo, a aplicar, no mínimo, 80% (oitenta por cento) desse auxílio, no fomento da riqueza regional.

§ 1º Limitar, ao máximo de 1% (um por cento), por transação, a incidência do imposto de vendas e consignações.

Art. 9º A partir da data da promulgação da Constituição Estadual ficam atribuídas ao Estado do Acre:

a) todas as bens, serviços e respectivos pessoal ativo e inativo do Território do Acre;

b) todas as serviços públicos de natureza local, escritórios pela União no Território do Acre e por ela não aproveitados, inclusive a Justiça, e Ministério Público, a Polícia e a Guarda Territorial, com todos os respectivos bens e pessoal ativo.

§ 1º O pessoal dos serviços mantidos pela União e transferidos ao Estado na forma deste artigo continuará a ser remunerado pela União, inclusive o que passar à inatividade; mas passará a ser remunerado pelo novo Estado, que se provirá na forma da lei, os novos servidores necessários para cargos locais de carreira ou cargos isolados que se vagarem e para

como os salários de vencimentos, proventos e vantagens estabelecidas pelo novo Estado.

§ 2º A aposentadoria dos servidores remunerados pela União será paga decorrente, ficando a seu cargo o pagamento dos respectivos proventos, e também assegurado, sem restrições, o direito das atuais contribuições de entidades federais de previdência.

§ 3º Todos os bens passivos e imóveis, encargos e compromissos, inclusive os de natureza fiscal, diretos e obrigações relativos aos serviços mantidos pela União no Território, passíveis ao patrimônio do novo Estado, em indenização na data da promulgação de sua Constituição.

§ 4º Os serviços transferidos na forma deste artigo continuarão regidos pela legislação vigente, enquanto não modificados pelas Federais competentes do novo Estado, ao qual incumbirá sobre eles legislar, inclusive sobre o pessoal em exercício, bem como administrá-lo, preservando-lhes o montante atual das suas quotas.

§ 5º Os servidores federais, transferidos ao novo Estado, serão remunerados pela União de maneira nunca inferior aos de mesmo cargo ou de correspondente categoria nos demais Territórios Federais.

§ 6º Caberá à União auxiliar e ajudar a pagar aos desembargadores do Tribunal de Justiça e diferentes entre os seus vencimentos e os dos juizes de entrância mais elevada do único, até ser a mesma absorvida por melhorias outorgadas pelos poderes constitucionais do Estado.

Art. 10. Caberá à União o pagamento da importância que for em definitiva arbitrada, como justa indenização ao Estado do Amazonas, pela perda do Acre territorial.

Art. 11. Até que seja instalado o Tribunal Regional Eleitoral do Acre, suas funções serão exercidas pelo Tribunal Regional Eleitoral do Distrito Federal.

Art. 12. As verbas e créditos orçamentários em especial destinados ao Estado do Acre, em virtude da presente lei, independem de registro prévio no Tribunal de Contas e serão depositados, com caráter prioritário, em conta especial do Banco do Brasil S.A., à disposição do Governo estadual, em três parcelas iguais, durante os meses de março, julho e novembro de cada ano.

Art. 13. Esta lei entrará em vigor na data de sua publicação, revogadas as disposições em contrário.

Brasília, 12 de junho de 1962; 141º da Independência e 94ª da República.

Júlio Gonzales

Fernando Neves

Walter Moreira Salles

Art. 1º As

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da evolução histórica do Acre



Na época colonial da nossa História, as unidades administrativas correspondentes à divisão política do território brasileiro eram as Capitanias, no Império, instituídas e divididas em Províncias, que se manteve até a proclamação da República; com o estabelecimento do regime republicano, as antigas Províncias foram elevadas à categoria de Estados. Assim, nem na época colonial, nem durante o período imperial, nem ao implantar-se o regime republicano se fez alusão, na divisão política do nosso território, a estas unidades nacionais que hoje designamos pelo nome de Territórios. Historicamente, o primeiro destes foi criado na região do Acre.

Ao contrário do que ocorreu com outros países, o território brasileiro estava já inteiramente configurado ao proclamar-se a independência nacional; havia, apenas, necessidade de traçarem-se, com precisão, as linhas demarcatórias de certos trechos das novas fronteiras. A iniciativa de fazer do Acre um território submetido a um estatuto político-administrativo diferente do dos Estados espelha-se por uma exigência histórica de delimitar as nossas fronteiras com a Bolívia e com o Peru.

A origem da questão do Acre remonta ao Tratado de Madrid, firmado entre Portugal e Espanha em 1750, e cuja inspiração se deve particularmente ao genio de Alexandre de Gusmão. Nos fins do século XVIII, a expansão colonizadora do Brasil, tendo por principais agentes os portugueses e os paulistas, havia povoado alguns pontos da margem oriental do rio Guaporé, margem esta que nos era assegurada pelo Tratado de Madrid e pelo Tratado de Santo Ildefonso (1777). A presença dos nossos colonos obrigou os Jesuítas espanhóis a deterem, naquela linha, seu avanço rumo ao leste. No século seguinte, expedições que subiram o curso do rio Amazonas levaram a exploração e colonização do Purus. Em 1807, o Tratado de Ayacucho, relativo ao comércio, navegação e limites, assinado entre o Brasil e a Bolívia, reconheceu o nome "uti possidetis" na região do Acre, situada entre a confluência dos rios Beni e Mamoré e as nascentes do Javari. Imaginando que estas nascentes se encontrassem em latitude bem mais austral do que aquela confluência, os nossos negociadores diplomáticos julgaram fazer bom acerto fixando no paralelo 10° 20' a linha divisória dos dois países. Explorações posteriores permitiram descobrir as nascentes do Javari, situadas muito acima do ponto em que se supunha encontrarem-se. Assim, o Brasil perdeu, por um erro de cálculo, toda uma vasta região, desprovida de colonização e povoada por indígenas.

"Bolívios espanhóis" em qual categoria? Resposta: espanhóis. O Brasil reconheceu a existência de uma linha divisória entre os dois países, mas não a linha divisória que os dois países tinham em comum. O Brasil reconheceu a existência de uma linha divisória que não havia entre o Brasil e a Bolívia, mas contra a intervenção estrangeira por sua vez, a nossa história dá

Dados econômicos

O Estado do Acre tem cerca de 150.000 quilômetros quadrados de extensão territorial e aproximadamente, segundo as últimas estimativas, 130.000 habitantes. A população relativa é, pois, de cerca de 1 habitante por quilômetro quadrado. Está dividido em sete municípios: Rio Branco (sede da capital), Brachilândia, Cruzeiro do Sul, Fátima, Sena Madureira, Tararacá e Xapuri. Segundo dados fornecidos há cinco anos pelo IBGE, a produção agrícola elevou-se, em 1943, a 111 milhões de cruzeiros, assim distribuídos entre os principais produtos: mandioca, 58,5 milhões; milho, 18,2 milhões; feijão, 13 milhões; arroz, 10,8 milhões. Naquele mesmo ano, o rebanho pecuario contava cerca de 80.000 bovinos e de 70.000 suínos. A indústria é predominantemente extrativa, e os principais produtos extraídos são a borracha e a castanha-do-pará. Como produtores da "Borracha brasileira", o Acre ocupa o primeiro lugar na Federação, seguido pelo Pará e pelo Amazonas, e, como produtor de castanha, o terceiro.

livianas travou-se em 8 de setembro de 1902, às vésperas do início do governo Rodrigues Alves. Sucederam-se vários combates, que tiveram término no dia 24 de janeiro de 1903 com a rendição das tropas bolivianas. Diante da rendição de Xapuri, o governo brasileiro ocupou o Acre com tropas militares federais e estabeleceu os entendimentos com o governo de La Paz. As negociações diplomáticas culminaram em 17 de novembro do mesmo ano com a assinatura, em Petrópolis, de um tratado entre os dois países — tratado pelo qual o Brasil anexava definitivamente o Acre, em troca de certa área de terra (3.000 km²) na região do Maroré, de uma indenização financeira (dois milhões de libras esterlinas) e da construção de uma ferrovia (E. F. Madeira-Mamoré) entre Santo Antônio do Madeira e Bela Vista.

Seis anos depois, a 8 de setembro de 1909, o governo brasileiro dava o último rumo ao Tratado de Petrópolis, assinando com o governo peruano um protocolo diplomático que liquidou, definitivamente, com as reivindicações estrangeiras sobre o Acre.

Enquanto a questão se encaminhava para uma solução, houve um momento em que o território acreano foi reivindicado pelo Estado do Amazonas, cujo governo confiou a causa jurídica a Rui

Barbosa. Na solução do litígio acreano, sempre ressaltou o papel desempenhado pelo Estado do Rio Branco, que, em 1902, tomou posse do Acre, e, em 1903, assinou o Tratado de Petrópolis com o Brasil.

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Enclosure No. 1
Airgram No. A-103
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ESTADOS UNIDOS DO BRASIL

DIÁRIO OFICIAL

SEÇÃO I - PARTE I

DECRETO Nº 46.237 - DE 18 DE JUNHO DE 1959

ANO CI - Nº 117

CAPITAL FEDERAL

SEXTA-FEIRA, 23 DE JUNHO DE 1959

LEI Nº 4.088 - DE 13 DE JUNHO DE 1959

Assegura isenção do imposto de renda e adicional da renda de indústrias de beneficiamento e de atividades de borracha, e de do beneficiamento e de produção de juta, localizadas no Amazonas.

O Presidente da República;
Faço saber que o Congresso Nacional decreta e eu sanciono a seguinte Lei:

Art. 1º Fica assegurada isenção do imposto de renda e respectivo adicional, as pessoas jurídicas localizadas no Amazonas que promoverem o beneficiamento ou a manufatura de matéria prima regional (borracha, juta e sementes ou sementes oleaginosas).

Parágrafo único. O prazo de isenção, que será de 5 (cinco) anos para as indústrias de simples beneficiamento e de 20 (vinte) anos para as de transformação, se contará a partir da vigência desta lei para as empreendimentos já em atividade e do início de funcionamento para os que se destinam a instalar.

Art. 2º Considera-se Amazônia, para os efeitos da presente lei, a região geográfica delimitada no art. 2º da Lei nº 1.306, de 6 de janeiro de 1953.

Art. 3º Esta lei entrará em vigor na data de sua publicação, revogadas as disposições em contrário.
Brasília, 10 de junho de 1959; 161ª da Independência e 10ª da República.

Júlio César
Tancredi Neves
Walther Moreira Salles

LEI Nº 4.079 - DE 13 DE JUNHO DE 1959

Alta e Território do Acre à categoria de Estado e dá outras providências.

O Presidente da República;
Faço saber que o Congresso Nacional decreta e eu sanciono a seguinte Lei:

Art. 1º O Território do Acre, com seus limites atuais é erigido em Estado do Acre.

Art. 2º A Justiça Eleitoral ficará, dentro de três meses, após a promulgação e presente lei, e data das eleições do Governador e de deputados à Assembleia Legislativa, os quais serão em número de quinze e terão, inicialmente, funções consultivas.

Art. 3º A Assembleia Legislativa reunirá-se dentro de dez dias da data da publicação sob a direção do Presidente do Tribunal Regional Eleitoral, por convocação formal, e elegerá o seu Presidente.

Parágrafo único. No dentro de quinze meses, após a instalação da Assembleia, não será promulgada a Constituição Estadual, o Estado do Acre será considerado automaticamente à

ATOS DO PODER LEGISLATIVO

do Estado do Amazonas, até que a reforme pelo processo pela determinação.
Art. 4º A posse do primeiro Governador se fará perante a Assembleia Legislativa, no dia da promulgação da Constituição Estadual.

Parágrafo único. Até esta data, o Estado do Acre ficará sob a administração do Governo Federal, através de um Governador provisório.

Art. 5º ... (verbas) ...

Parágrafo único. ... (verbas) ...
Art. 7º As dotações consignadas no atual Orçamento Geral da União, para o Território do Acre, serão transferidas à aplicação do Governo do Estado, mediante convênio.

Parágrafo único. No exercício financeiro subsequente ao da promulgação da Constituição Estadual, o Governador do Acre perceberá da União um auxílio correspondente ao valor global das verbas orçamentárias que hajam sido atribuídas ao Território, no exercício anterior.

Art. 8º A União celebrará convênio com o Estado do Acre, a vigorar do exercício financeiro seguinte, ao da promulgação da Constituição do Estado, para que:

a) a União concorra durante o período de dez anos contínuos com um auxílio anual não inferior a Cr\$ 300.000.000,00 (trezentos milhões de cruzados) e mais, por tempo indeterminado, com a contribuição de que trata o art. 10º § 1º;

b) o Estado se obrigou, no mesmo prazo, a:

1) aplicar, no mínimo, 80% (oitenta por cento) desse auxílio, no fomento da riqueza regional;

2) limitar, no máximo, de 2% (dois por cento), por transação, a incidência de imposto de vendas e contribuições.

Art. 9º A partir da data da promulgação da Constituição Estadual ficam atribuídos ao Estado do Acre e a ele incorporados:

a) todos os bens, serviços e respectivos pessoal ativo e inativo do Território do Acre;

b) todos os serviços públicos de natureza local, exercidos pela União no Território do Acre e por ela não aproveitados, inclusive a Justiça, o Ministério Público, a Polícia e a Guarda Territorial, com todos os respectivos bens e pessoal ativo.

§ 1º O pessoal dos serviços mantidos pela União e transferidos ao Estado na forma deste artigo continuará a ser remunerado pela União, inclusive a sua pensão, até que seja contratado pelo Estado, que se fará na forma da lei, em novo servidores, nomeados para cargos iniciais, de carreira em cargos isolados que se vagarem e para cargos que vierem a ser criados, bem

como os acréscimos de vencimentos, proventos e vantagens estabelecidos pelo novo Estado.

§ 2º A aposentadoria dos servidores remunerados pela União será por uma decréta, ficando a seu cargo e pagamento dos respectivos proventos e também assegurado, sem restrição e circulo das atuais contribuições de entidades federais de previdência.

§ 3º Todos os bens móveis e imóveis, encargos e rendimentos, inclusive os de natureza fiscal, diretos e obrigações relativos aos serviços mantidos pela União no Território, passarão ao patrimônio do novo Estado, com incidência na data da promulgação de sua Constituição.

§ 4º Os serviços transferidos na forma deste artigo continuarão regidos pela legislação vigente, enquanto não modificados pelos poderes competentes do novo Estado, ao qual incumbirá sobre as leis locais, inclusive sobre a pessoal, estatutária, bem como administrativas, provisórias e movimentando-las de quadro.

§ 5º Os servidores federais, transferidos ao novo Estado, serão remunerados pelo União de maneira nunca inferior aos de mesmo cargo ou de correspondente categoria nos demais Territórios Federais.

§ 6º Caberá à União auxiliar o Estado a pagar aos desembargadores do Tribunal de Justiça a diferença entre os seus vencimentos e os dos juizes de entrância mais elevada ou única, até ser a mesma absorvida por majorações estabelecidas pelas leis constitucionais do Estado.

Art. 10. Caberá à União o pagamento da importância que for em definitivo arbitrada, como taxa indenizatória ao Estado de Amazonas, pela perda do Acre Sentimental.

Art. 11. Até que seja instalado o Tribunal Regional Eleitoral do Acre, suas funções serão exercidas pelo Tribunal Regional Eleitoral do Distrito Federal.

Art. 12. As verbas e créditos orçamentários de natureza destinadas no Estado do Acre, em virtude da presente lei, independentemente de registro prévio no Tribunal de Contas e serão depositadas, em caráter prioritário, em conta especial do Banco do Brasil S.A., à disposição do Governador estadual, em três parcelas iguais, durante os meses de março, julho e novembro de cada ano.

Art. 13. Esta lei entrará em vigor na data de sua publicação, revogadas as disposições em contrário.
Brasília, 10 de junho de 1959; 161ª da Independência e 10ª da República.

Tancredi Neves
Alfredo Moser
Walther Moreira Salles

LEI Nº 40

Autôres e pelo Ministério Público, 2.118.000.000 de dólares, créditos à Ferrovia do Rio-Paraná.

O Presidente da República;
Faço saber que o Congresso Nacional decreta e eu sanciono a seguinte Lei:

Art. 1º Fica autorizado a abertura de crédito de 211.800.000.000 de dólares e 211.800.000.000 de dólares, para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná.

Art. 2º O crédito de 211.800.000.000 de dólares, destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná, será destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná.

Art. 3º O crédito de 211.800.000.000 de dólares, destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná, será destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná.

Art. 4º O crédito de 211.800.000.000 de dólares, destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná, será destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná.

Art. 5º O crédito de 211.800.000.000 de dólares, destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná, será destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná.

Art. 6º O crédito de 211.800.000.000 de dólares, destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná, será destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná.

Art. 7º O crédito de 211.800.000.000 de dólares, destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná, será destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná.

Art. 8º O crédito de 211.800.000.000 de dólares, destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná, será destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná.

Art. 9º O crédito de 211.800.000.000 de dólares, destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná, será destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná.

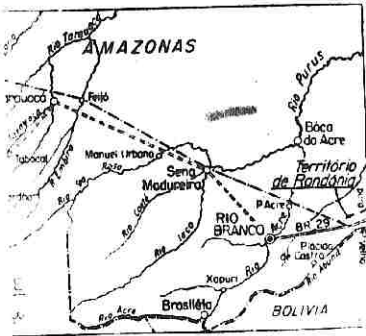
Art. 10º O crédito de 211.800.000.000 de dólares, destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná, será destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná.

Art. 11º O crédito de 211.800.000.000 de dólares, destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná, será destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná.

Art. 12º O crédito de 211.800.000.000 de dólares, destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná, será destinado a ser utilizado para a construção de uma ferrovia, com o nome de Ferrovia do Rio-Paraná.



da evolução histórica do Acre



Na época colonial da nossa História, as unidades administrativas correspondentes à divisão política do território brasileiro eram as Capitâneas, no Império, instituiu-se a divisão em Províncias, que se manteve até a proclamação da República, com o estabelecimento do regime republicano, as antigas Províncias foram elevadas à categoria de Estados. Assim, nem na época colonial, nem durante o período imperial, nem ao implantar-se o regime republicano se fez distinção, na divisão política do nosso território, a estas unidades nacionais que hoje designamos pelo nome de Territórios. Historicamente, o primeiro deles foi criado na região do Acre.

As razões de que se originou esta unidade política e territorial brasileira estão intimamente relacionadas ao problema da independência nacional havia, apenas, necessidade de fracionamento, com respeito às linhas demarcadoras de certos trechos das nossas fronteiras. A iniciativa de fazer do Acre um território submetido a um estatuto político-administrativo diferente dos Estados explica-se por uma existência histórica de delimitação das nossas fronteiras com a Bolívia e com o Peru.

A origem da questão do Acre remonta ao Tratado de Madrid, firmado entre Portugal e Espanha em 1750, e cuja inspiração se deve particularmente ao gen. Sr. Alexandre de Gusmão. No fim do século XVIII, a expansão colonizadora do Brasil, tendo por principais agentes os portugueses e os paulistas, havia povoado alguns pontos da margem oriental do rio Guaporé, marcaram esta que nos era assegurada pelo Tratado de Madrid e pelo Tratado de Santo Ildefonso (1777). A presença dos nossos colonos obrigou os jesuítas espanhóis a deterem, naquela linha, seu avanço rumo ao leste. No ano seguinte, expedições que substituíram o curso do rio Amazonas levaram a exploração e colonização do Purus. Em 1867, o Tratado de Ayacucho, relativo ao comércio, navegação e limites, assinado entre o Brasil e a Bolívia, reconheceu o nome "sul equatorial" na região do Acre, situada

entre o equador e o paralelo de 10° S, e a anexação do Acre ao Brasil. Assim, os dois países encontraram-se, naquele tratado, em uma linha que, naquela conjuntura, os nossos negociadores diplomáticos julgaram fazer bom acordo fixando no paralelo 10° 20' a linha divisória dos dois países. Explorações posteriores permitiram descobrir as nascentes do rio Juruá, situadas muito acima do ponto em que se supunha encontrarem-se. E assim o Brasil perdeu, por um erro de cálculo, toda uma vasta região, descoberta, colonizada e povoada por brasileiros. Nos fins do século, a Bolívia, com o objetivo de tornar efetiva a posse do Acre, cedeu a um consórcio anglo-americano — o "Bolivian Syndicate" — ao qual outorgou poderes privilegiados. O Brasil protestou contra a concessão, denunciando o ruinoso tratado de 1867 e, quase ao mesmo tempo, uma parte da população acreana levantou-se em armas; sob o comando do gaúcho Plácido de Castro. O chefe dos revoltosos declarava que não lutava contra a Bolívia, mas con-

Dados econômicos

O Estado do Acre tem cerca de 150 mil quilômetros quadrados de extensão territorial e aproximadamente, segundo as últimas estimativas, 160 mil habitantes. A população relativa ao m², de cerca de 1 habitante por quilômetro quadrado. Está dividido em sete municípios: Rio Branco (sede da capital), Brasília, Cruzeiro do Sul, Feliz, Seno Madureira, Tacanamã e Xapuri. Segundo dados fornecidos há cinco anos pelo IBGE, a produção agrícola elevouse, em 1955, a 111 milhões de dólares, assim distribuídos entre os principais produtos: mandioca, 38,5 milhões; milho, 13,2 milhões; feijão, 13 milhões; arroz, 10,8 milhões. Naquele mesmo ano, o rebanho pecuarista contava com 30.000 bovinos e de 70.000 ovinos. A indústria é predominantemente extrativa, e os principais produtos extraídos são a borracha e a castanha-do-pará. Como produtores da "Hevea brasiliensis", o Acre ocupa o primeiro lugar na Folevaran, segundo pelo Pará e pelo Amazonas, e, como produtor de castanha, a terceira.

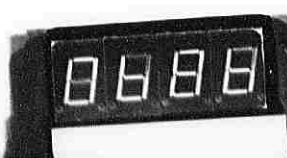
As negociações de paz entre o Brasil e a Bolívia travou-se em 8 de setembro de 1902, às vésperas do início do governo Rodrigues Alves. Sucederam-se vários combates, que vieram terminar no dia 24 de janeiro de 1903 com a rendição das tropas bolivianas. Diante da rendição de Xapuri, o governo brasileiro ocupou o Acre com tropas militares federais e estabeleceram os entendimentos com o governo de La Paz. As negociações diplomáticas culminaram em 17 de novembro do mesmo ano com a assinatura, em Petrópolis, de um tratado entre os dois países. O tratado reconheceu ao Brasil a posse definitiva do Acre em troca de certa área de terra (3.600 km²) na região do Murore, de uma indenização financeira (dois milhões de libras esterlinas) e da construção de uma ferrovia (S. F. Madeira-Mamoré) entre Santa Ana do Madeira e Bela Vista.

Em 1904, o governo brasileiro, em cumprimento do Tratado de Petrópolis, enviou ao governo boliviano um protocolo diplomático que liquidou, definitivamente, com as reivindicações estrangeiras sobre o Acre.

Enquanto a questão se encaminhava para uma solução, houve um momento em que o território acreano foi reivindicado pelo Estado do Amazonas, cujo governo confiou a causa jurídica a Rui Barbosa.

Na solução do litígio acreano, cumpre ressaltar o papel desempenhado pelo Barão de Rio Branco graças ao seu lato diplomático, o Brasil assegurou-se a posse de mais de 150 mil quilômetros quadrados e evitou uma guerra com a Bolívia.

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 8:59 p.m.

ARA FROM: Rio de Janeiro
 Info
 SS TO: Secretary of State
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 G NO: 191, July 24, 10 a.m.
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PRIORITY

Herewith highlight my tour d'horizon with new Foreign Minister Afonso Arinos July 21, apart from Peru problem reported Embassy telegram 179.

Arinos said invitation to be Foreign Minister made personally by telephone from Goulart, who said Arinos' participation essential balance cabinet capable maintaining internal and external tranquillity through electoral period. Arinos knows Goulart only slightly. Attributes recent leftward drift to reaction against strong opposition of right, including Lacerda, Cardinal Jaime Camara, and certain newspapers. But obvious to me Arinos very poorly informed on domestic events as result his long absence from country.

Said very much impressed by seriousness new cabinet's approach to problems during two-day meetings last week. He felt Brochado immensely conscientious, hard working, and well intentioned, but with qualities provincial lawyer wasting much time about legal perfectionism without necessarily appreciating substance of problems. Most of two days spent plastering up national wounds to avoid hemorrhages, such as strikes in Recife, Belem, Brasilia, and to supply problem. Arinos happily surprised by moderation Hermes Lima, who was his law classmate and has strong Marxist leanings. Saw Nelson de Melo, Costa Lima, Helio de Almeida, and he constitute moderate bloc, which Moreira Salles will reinforce.

On student university representation problem, Nelson de Melo and

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HANDLING INDICATOR

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NO. AT CONFIDENTIAL

TO : DEPARTMENT OF STATE

DATE: July 24, 1962

FROM : AMCONSULATE, CURITIBA

SUBJECT: Parana Student Strike

REF

The University of Parana has officially announced that classes will resume on August 1, 1962 and that any student not attending classes beginning on that date will be marked as absent. "partial" examinations will begin on August 16. Classes have been suspended since May 16, the date on which the strike began here and then spread throughout Brazil. It is believed that students who have not been studying on their own would hardly be in a position to pass the examinations. The prevailing opinion among the students has been that the Federal Government will intervene and decide in favor of 1/3 student representation at some time prior to the beginning of the examinations and thus the strike will come to an end. This opinion seems to have been confirmed by the recent action of the Council of Ministers in recommending that the Legislature take up the problem of 1/3 representation.

The reaction of the Rector of the University, Flavio Lacerda, to the Council's recommendation was not long in coming. In an interview given "Diarios Associados" Lacerda said that "if the Council intends to force mass participation by the students in the administrative organs of the university then the way will be clear for a revolutionary takeover by the worker-student-"camponesa" alliance, headed by the communists of U.N.E."

The University of Parana has published a bulletin ("E Precise Ponderar") which contains two articles about the take-over of educational institutions by the students and which concludes that "the methods are the same in all of Latin America, and this similarity of objectives and of

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FORM DS-323 4-62

Contents and Classification Approved by:

Drafted by: AWFeldman:GMScanlan

Clearances:



means is not a coincidence. It complements the so-called 'assault on the Parliament' for the destruction of the social order and the demagogery and of the most blatant disrespect for authority and our most prized traditions".

Rector Lacerda said that if the Legislature gives in to the students then "the University will be destroyed and we may as well close it down and allow the students to lecture to one another".

During recent conversations with the deans of two of the schools of the University Vice Consul Scanlan was told that the students are convinced that regardless of what they do the Federal Government will be on their side. It is now apparent that this is true.

The unusually strong public reaction by Lacerda to the Council's views is not likely to go over well with his Federal superiors, most of whom are at the opposite end of the political spectrum. In the past, Lacerda's public silence on most public issues has been a significant factor in keeping him at the helm of the University under five Brazilian presidents. Privately Lacerda has been making known his opposition to communist infiltration in the University for some time. We have been informed that Lacerda has gone to Brasilia to discuss his position vis-a-vis student representation in the University and to try to get the Minister of Education, who has recently indicated his support of the student's position, to reverse his position. We are reliably informed that Lacerda not only has the unqualified backing of practically all of his professors but some of the university rectors as well. Student strike activities and the interest of the public in their cause has gradually diminished since the strike was initiated. However, interest has been reactivated by the National Student Congress which began on July 15 in Quintandinha and by the recent statements of Rector Lacerda. Student representatives from Parana at the U.N.E. Congress made their contribution to the generally leftist tenor of the Congress and the head of their delegation (UPE President Julio Giovenetti) was elected one of U.N.E.'s vice presidents at the end of the Congress. The nature of Parana's participation in the Congress could be predicted from an "Ultima Hora" article dated July 13 (attached as an enclosure) which contained the text of a declaration of principles by the Parana students. The declaration contained the usual references to "imperialism", "trusts" and the other bogey men of the extreme left.

Both the students and the teachers are awaiting with some anxiety the reopening of the University. The hard core of leftist students at the University whose numbers constitute but a small percentage of the total student body, have advised the students not to take the examinations on August 16 and have threatened to prevent by force if necessary, any students from taking the exams. They claim that the Federal Government will issue a decree promoting all students without examinations. It appears that such action can be taken only during a national emergency and many believe that the present situation can not so be considered. Reliable

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PRIORITY
HANDLING INDICATOR

TO : DEPARTMENT OF STATE 1962 JUL 27 PM 12 05

FROM : Amembassy RIO DE JANEIRO

SUBJECT : Brazilian Elections 1962 - Report No. 20. The Implications of Brazilian Electoral System for the October Congressional Contest
REF : Airgram A-82 of July 19, 1962 and Despatch 960 of June 8, 1962.

Although in Brazil executive races at all levels and elections for the Senate are of the simple plurality type, legislative elections are held under a very complex system of proportional representation, which, if it contributes to the continued fragmentation of the electorate, also prevents control of the government by a single class and allows participation by a broad range of political interests.

This system is said by experts to resemble the Australian more than any other, but it contains a number of uniquely Brazilian twists. Its outstanding features are: (1) the absence of any districts (both federal and state deputies are elected at large even in a state such as São Paulo which will have 59 seats in the Federal Chamber of Deputies and over 3.5 million registered voters); (2) voting directly for a single candidate rather than for a party list (the most extreme form of the preferential vote found in any system of proportional representation); and (3) a complicated set of rules for dealing with the "remainders" after the bulk of the seats are apportioned through a quotient system.

It is not the purpose of this report to summarize Brazilian electoral law.¹ Instead, it is to demonstrate how in actual practice the system affects the prospects of particular parties or individual candidates and to show how the winners are determined once the votes have been tabulated.

¹ NIS 94: Section 53 (Political Dynamics) under C. Electoral System and campaign practices, and a report now in preparation by the Embassy on the recently enacted electoral reform law furnish considerable detail on the subject.

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Drafted by: **Ronald M. Schneider** Contents and Classification Approved by: **Robert W. Dean**

Clearances:

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Finding the Victors

The first step is to divide the total valid vote (including blank ballots) by the number of seats at stake to arrive at the electoral quotient. The vote for each party or coalition is then divided by the electoral quotient, and in each case the resulting whole figure (the so-called party quotient) is the minimum number of seats that party is allocated.²

At this stage the most complex aspect of the Brazilian system comes into play--the rules governing the sobras or remainders.³ If, as was the case in every state in 1958, the application of the quotient does not fill all the seats, each party or alliance's vote is divided by the number of seats it has already obtained plus one. That which has the highest "average" gets the first seat. If there are still seats left, the operation is repeated for the party with one more added to the divisor. The new result is compared with the first calculation on the other parties, the next seat going to whichever party (including that which already was awarded a seat) has the highest average. This operation is repeated until all the posts are filled.⁴

The application of these rules can best be seen in the most complex case--that of São Paulo where six individual parties and two major coalitions contested the 1958 Congressional elections. Since the total valid vote was 2,655,164 and the number of seats 44, the electoral quotient was 60,345. One party, the PRP with 59,554 votes, fell just short of the quotient. The division of the votes of the other parties by the electoral quotient yielded these results: PSD-PSP-PTR (897,271 votes) 14 seats; PSB-PIN (549,302 votes) 9 seats; PTB (250,275 votes) 4 seats; UDN (228,654 votes) 3 seats; PDC (191,585 votes) 3 seats; PST (93,853 votes) 1 seat; PR (63,007 votes) 1 seat. The total allocated by quotients was thus 35 seats, leaving 9 to be filled under the sobras.

The computation of the sobras was done in the following manner.

PSD-PSP-PRT

| | | | | | |
|---------|---|----|---|--------|-------|
| 897,271 | ÷ | 15 | = | 59,818 | (1st) |
| 897,271 | ÷ | 16 | = | 56,079 | (3rd) |
| 897,271 | ÷ | 17 | = | 52,780 | (5th) |
| 897,271 | ÷ | 18 | = | 49,848 | (8th) |
| 897,271 | ÷ | 19 | = | 47,224 | |

- 2 These seats go to those candidates of each party who polled the highest individual vote.
- 3 In the 1958 Chamber elections 58 of the 326 seats were filled in this manner.
- 4 In 1958 in most states from one to four federal deputy seats were filled under the sobras method, but in Minas Gerais the figure reached six and in São Paulo nine.

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PSB-PTN

549,302 ÷ 10 = 54,930 (4th)
549,302 ÷ 11 = 49,936 (7th)
549,302 ÷ 12 = 45,775

PTB

250,275 ÷ 5 = 50,055 (6th)
250,275 ÷ 6 = 41,712

UDN

228,654 ÷ 4 = 57,163 (2nd)
228,654 ÷ 5 = 45,730

PDC

191,585 ÷ 4 = 47,896 (9th)
191,585 ÷ 5 = 38,317

PST

93,833 ÷ 2 = 46,926

PR

63,007 ÷ 2 = 31,503

As to the allocation of these seats to particular candidates, four went to the individuals on the PSD-FSP-FRI list who stood 15th through 18th in the number of votes they had received; two to the 10th and 11th leading vote getters on the PSB-PTN list, etc.

The Coattail Effect

One of the major idiosyncracies of the Brazilian system is the direct preferential vote for the candidate. Thus, if a voter submits a ballot with both the party's name and the name of one candidate registered by it, the vote counts toward the party's total as well as for that candidate in determining his relative standing among the party's slate.⁵ If he casts a ballot with just a candidate's name on it, the vote is also counted toward his party's total. Only if the ballot contains merely the name of the party with no mention of an individual candidate is it automatically credited to the man at the head of the party list (as it was registered prior to the elections). The net effect of this voting for a candidate is to give the party leadership very little control over its candidates as well as to eliminate position on the party list as the political life or death issue that it is in many countries.

⁵ This is in marked contrast with the more general practice under proportional representation of having the order of the candidates determined by the party leadership and letting the voter chose only among parties, not among the candidates of a given party.

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As a result of this system, it is possible for a very strong candidate (who in his own name polls more votes than the electoral quotient) to pull one or more weak candidates into office on his coattails, and, conversely, for a man to be victorious even though he received fewer votes than a defeated candidate on another ticket.⁶ In the 1958 congressional elections only 28 candidates received a vote in excess of the quotient (as compared with 23 in 1954) with Carlos Lacerda in the Federal District bringing in two weak UDN members on the strength of his 143,000 votes and Fernando Ferrari of the PTB, who polled 148,000 votes in Rio Grande do Sul, doing the same.⁷ Other leading "locomotives" were Antonio Chagas Freitas (PSP-Federal District), Emilio Carlos (PTN-São Paulo) and Jânio Quadros (PTB-Paraná). Under these circumstances it is of prime importance for a party or coalition to have at least one very strong vote-getter on its legislative ticket.

Prospects for Re-election

Although the full slates for the federal deputy races are not yet available, it appears that by far the great majority of incumbents will be seeking re-election. Some indications of their prospects can be obtained from application of the foregoing observations on the working of the Brazilian system of proportional representation. In addition to the 28 whose vote exceeded the quotient, we can consider as very strong candidates those 77 whose 1958 vote was two-thirds or more of the quotient and as strong candidates the 101 others whose vote was above one-half the quotient. Thus, there are 206 of the 1959-62 Congress who should in general be highly favored to win re-election if they run again.⁸ In addition, a fair number of the none-too-strong 1958 deputies will be able to win re-election, particularly since the Chamber representation for all except four states has been recently increased (from 326 to 404 seats.) Therefore, it is likely that at least half of the new Congress will be hold-overs.⁹

⁶ In 1958 some 60 of the 326 successful aspirants for the Federal Chamber polled fewer votes than one or more defeated candidates in the same state. The extreme examples were São Paulo and Guanabara (then the Federal District) where the figures were 19 of 44 and 11 of 17 respectively. Indeed, in São Paulo one of the defeated candidates polled 20,392 votes--more than those received by any one of nine successful candidates.

⁷ Calculation of the minimum coattail effect is as follows: subtract the quotient from the leading candidate's vote and the remainder from the vote of the party; using the new total recalculate the party's share of the seats. For example, in the Federal District: 143,012 minus 53,450 = 89,562; 279,336 minus 89,562 = 189,774 which would have given the UDN four seats instead of the six they received. The candidates who benefited from a free ride on Lacerda's coattails received only 8,305 and 7,421 votes in their own names, far fewer than many unsuccessful aspirants on other tickets.

⁸ With the increase both in the electorate and in the number of seats since 1958, the quotients in most states should remain quite stable. Thus in most cases a deputy needs only to maintain his 1958 vote to be re-elected.

⁹ As in the past a good number of those who narrowly miss re-election will qualify as suplentes (alternates) and reappear in the Chamber before long.

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Attempting to predict this far in advance who these will be is fraught with hazard, but some indications are available. The strong 1958 candidates included 74 PSD, 58 UDN, and only 28 PTB (along with 15 PSP, 11 PR, 4 FDC, 4 PSB, etc.). Conversely, the weakest 24 successful candidates in the last election included 8 PTB, 6 UDN, and only 1 PSD (together with 5 PSP, 2 FDC and 2 PIN). The next weakest 96 contained 40 FSD, 30 PTB, and only 6 UDN (also 5 each from the PSP, PR and PSB). These figures indicate that 1958 was not a good year for the UDN and only its strongest candidates won. Thus, the UDN has few weak incumbents who are apt to be defeated this time. This re-enforces the conclusion of the referenced report that the UDN will at least hold its own. More than one-fourth of the carry-over deputies are apt to be of the UDN. Similarly the PSD is not likely to drop sharply in absolute numbers and should constitute a good one-third of the returnees, a fact which should ensure it close to one-fourth of the total membership of the new Congress. It also appears that the PTB, for all of its electoral advantages, has a scarcity of proven vote-getters in its Congressional ranks (only one-seventh of the strong candidates from 1958) and for this reason may not gain as impressively as many observers expect. Indeed, it is this reporting officer's contention that the Brazilian electoral system works to discourage rapid and drastic swings in the composition of Congress. Therefore, it seems probable that the next Chamber of Deputies will be characterized by rough parity (in the neighborhood of 90-100 seats each) among the PSD, UDN, and PTB, with relatively few new faces among the ranks of the first two, and a quite heavy proportion of newcomers among the latter.

Equally as important as the party breakdown of the new Congress is the question of the orientation of the individual legislators. As was pointed out in the referenced reports, all Brazilian parties contain representatives of each of the categories used in the series, at least from II through VI (Fellow-travellers or dupe through Conservative). Based upon that two-thirds of the incumbent Chamber which it has so far been possible to classify, it appears that the PTB is divided fairly evenly between a radical wing (running from Category I through IV) and a Centrist-Conservative one, with the Centrists being the largest single element (roughly one-third). For the PSD and the UDN the breakdown under 15% is for the radical wings and 85% for the Centrist-Conservative majority. Thus, any relative gains made by the PTB will tend to shift the balance away from the predominant Centrist-Conservative orientation of the present Congress, but only to a limited degree (since half the PTB victors are apt to be of Centrist-Conservative persuasion). Even if the PTB were to gain 40 seats, the ranks of the leftists would be swelled by only 20 or five per cent of the total membership of the Chamber.

This raises one of the most relevant points concerning the Brazilian electoral system--the fact that, for the most part, the real competition a candidate faces is within his own party ranks. In effect he is running against his own party colleagues, not those of a rival party. In the most immediate sense his task is to get a few more votes than the other candidates

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of his party, so that he rather than they will qualify for one of the few seats his party as a whole will win. How the candidates of other parties run is of little concern.¹⁰

One of the crucial questions is then how the extremists and moderates within a given party will fare at the polls. Past performance indicates that there is no statistically significant correlation between political orientation (in terms of the categories we are using) and a candidate's electoral strength. The same proportion of radicals (Categories I-IV) as Centrist-Conservatives (Categories V-VII) polled more than the quotient and the same proportion polled more than one-half the quotient. With respect to marginal incumbents (the weakest²⁴), however, incomplete figures indicate that the proportion of leftists falling into this category, is higher than that of Centrist-Conservatives (1/8 as against 1/15). Thus, it seems that in the past a far left political stance has not been of particular electoral advantage. Even taking the changed environment into account, this reporting officer is inclined to believe that this conclusion will continue to have general validity in the coming elections. It seems likely that the total number of Categories I-III will not exceed 100 or one-fourth of the Chamber. The most important single indicator will be the relative shift in the strength of the two wings in the PTE.

¹⁰ This is of course more true in a large state than in one with the minimum seven deputies, where a large vote received by a single candidate on any ticket will effect the party quotient and hence the prospects of any other candidate irrespective of party affiliation. It should be borne in mind that rarely does one party obtain more than one-third of the seats from any state with the others divided from three to ten ways.

For the Ambassador

APPROVED BY:


Miles W. Bond
Deputy Chief of Mission


Ronald M. Schneider
Political Officer

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A-107 OFFICIAL USE ONLY AIR POUCH
NO. HANDLING INDICATOR
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SUBJECT: Kubitschek Says Brazil is in Pre-Revolutionary Stage
REF :
ANALYSIS & DISTRIBUTION BRANCH
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Juscelino Kubitschek at an informal press conference in Belo Horizonte, prior to attending a state PSD meeting, made the following points:

(1) Brazil is currently in a stage "preparatory to revolution," the causes of which are inflation and paralysis of economic development. "The situation has never been as grave as now." He said 200 billion cruzeiros would be issued in 1962 with nothing to show for it, compared with 132 billion for his entire five year term as President.

(2) President Goulart has no intentions of bringing off a coup d'etat. "He is a democrat." What he wants is a plebiscite on presidentialism. Nor do the military contemplate a coup. The danger lies in social unrest caused by high cost of living.

(3) A plebiscite should be held "as soon as possible" but preferably not on October 7 (the date for the coming general elections).

(4) On substitutes for the parliamentary system:
Q: "What about the 'eclectic form' recommended by some people?"
A: "I think it would be a good solution. The President of the Republic would have the liberty and the autonomy of a coordinator of the administration, subject to the

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Brasilia Office

'referendum' of the Congress which could destroy /those powers/ through a vote of lack of confidence."

(5) The Cabinet of Brochado da Rocha will have difficulty in accomplishing anything since it has no base in Congress.

(6) "Foreign policy must be made in accordance with the development of and in the interests of Brazil. That was the line I followed. What benefit comes from the current aggressive policy of Itamaraty?... We must organize a Latin American bloc to impose our prices on the U.S. and to defend our raw materials. We cannot lose sight of one detail: The great country to the North is still the great consumer of our exports. While the U.S. imports five million sacks of coffee, Russia is content with 500."

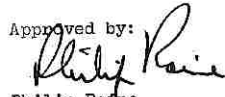
Comment: Kubitschek's principal interest since last August has been to bring about a return to presidentialism, since he sees himself a shoo-in in 1965, a view in which most polls concur. To discredit the parliamentary form, the first step in retrieving presidentialism, he has been willing to cooperate, and probably even to conspire, on the side of Goulart against the Congress. He is undoubtedly aware however, of the danger that the anti-Parliament movement could get out of control and sweep away not only parliamentarism but presidentialism as well. Hence, his comment on the country being in a pre-revolutionary stage may well be his real opinion rather than just another anti-parliament crack. Unfortunately most Rio papers carried only a truncated version of the ex-President's remarks, the fuller version, particularly the remarks on foreign policy, being carried in the above form in the Correio Braziliense and presumably dailies of Minas Gerais.

For the Ambassador:



Harry Weiner
Second Secretary of Embassy

Approved by:



Philip Raine
Counselor of Embassy
for Political Affairs

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| NEA | CU | INR | SUBJECT : BRAZILIAN ELECTIONS 1962 - Supplemental Status Report No. 4 | | | State of Minas Gerais |
| E | P | IC | REF : Consulate's Desp. No. 37, June 28, 1962 | | | |
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2. Leadership in the Social Democratic Party
3. Possible Senatorial Candidates

1. Presidentialism versus Parliamentarianism

Although no one, with the exception of former President Kubitschek, seems to want to be singled out as an advocate of presidentialism, the question is making itself felt in the political scene. Perhaps its two main exponents are Senator Kubitschek and Governor Magalhaes Pinto, neither of whom is running for election in October 1962.

Kubitschek told a newspaper on July 17 that the parliamentary form of government will without the shadow of a doubt lead the country down the road of revolution, and that the presidential system is the only regime that the people understand and which can save the country's institutions and solve the social crisis. He attributed Brazil's ills to a deficiency of governmental authority, remarking that the present regime is without

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Airgram No. A-5
Page No. 2
From: Belo Horizonte

leadership. Not even the so-called parliamentary control of the government exists, he underlined. Nobody leads and nobody is led, he charged, and the people feel that they have no one to whom to appeal. He promised that he would campaign throughout the State for Social Democratic Party (PSD) candidates, since in his view only under PSD leadership could the State find its way again. He did not say that presidentialism would be one of his campaign themes, nor has he so far discussed that issue in public in the various PSD meetings over which he has presided, but it is interesting to note that his remarks to the press on the advantages of PSD leadership were immediately preceded by his insistence that the people legitimize the regime through a plebiscite.

By coincidence, Governor Magalhaes Pinto reemphasized on a television program that same day his right to consult the Superior Electoral Tribunal on the setting of an early date for the plebiscite that would determine whether or not Brazil would return to the former presidential regime. Unlike Senator Kubitschek, however, the Governor has been expressing his sympathies for presidentialism by saying the exact opposite. Speaking on the question of the plebiscite, he said: "It is necessary to make it clear that I have always been in favor of the parliamentary regime and that I favor it now. To ask for the people's pronouncement with respect to the present regime does not mean taking sides." After all, he continued, even Federal deputy Raul Pila, Brazil's main exponent of parliamentarianism, opposes the present parliamentary regime on the grounds that it is not being duly carried out.

Comment: The diffidence that has prevailed in general in the expression of views favorable to a return of the presidential regime is due in large measure to the nature of the coming elections and the creation of vested interests. Since the State of Minas Gerais is electing mainly members of the legislative houses and since the parliamentary system by definition enhances the power of these members, it stands to reason that they do not feel particularly enthusiastic about divesting themselves of that power. Governor Magalhaes Pinto has, in fact, alienated a majority of the leaders and candidates in his party, the National Democratic Union (UDN), by his decision to consult the Superior Electoral Tribunal on the setting of a date for the plebiscite. This reaction is based mainly on the widespread conviction that the Governor wants to get rid of the parliamentary system.

The more pronounced candor of Senator Kubitschek stems largely from the fact that he has already set his eyes on his candidacy for president in 1965. Even this position, however, and his great popularity do not suffice to allay the doubts and hesitations in PSD circles such as the pull of opposite interests.

2. Leadership in the Social Democratic Party

There is increasing evidence that Kubitschek has assumed actual leadership of the State section of the PSD in the current electoral campaign. Although

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From: Belo Horizonte

Senator Benedito Valadares, the Party's State president, has sat side by side with Kubitschek at recent meetings of the Party in the interior of the State. Kubitschek has been the active campaigner and spokesman.

Comment: State PSD officials, including State deputies, have for a long time now been dissatisfied with the leadership, or lack of it, of Senator Benedito Valadares. The most often heard complaint is that he lacks the necessary dynamism to bring the Party to victory at the polls in the coming elections. On the other hand, he is a traditional figure in the State's political scene, and the prestige of his name is generally recognized as an asset to the Party. As a result, the inner circles of the Party have worked out a compromise by which Senator Benedito Valadares, who is running for a virtually assured reelection, remains at the head of the Party with Kubitschek put in active charge of the electoral campaign. The Party machine feels that Kubitschek's dynamism and immense prestige throughout the State are just the qualities the Party needs to continue to enjoy a safe majority in both the State and Federal legislatures. The retention and even improvement of this majority are of vital interest to Kubitschek for the establishment of a broad political base from which to launch his nomination as a presidential candidate since the State of Minas Gerais is second only to Sao Paulo in the size of its Congressional representation.

3. Possible Senatorial Candidates

With the death of Minister of Mines and Power Gabriel Passos, the UDN has had to look for another candidate for one of the two senatorial vacancies. The candidate will be announced at the State convention, scheduled for August 4-5, along with other candidates for the Chamber of Deputies, State Legislative Assembly, and municipal offices. According to newspaper reports, in the jockeying for position, a rift has opened between the PSD State committee and the Party's influential Belo Horizonte committee. The story is that the Belo Horizonte committee has proposed four names for the senatorial candidacy in opposition to the candidate proposed by the State committee.

Comment: The candidate allegedly supported by the PSD State committee is Osvaldo Piaruccetti, former Secretary of the Interior in Governor Magalhaes Pinto's cabinet. The four names advanced by the Belo Horizonte committee are those of Secretary of Labor Edgar da Mata Machado; Federal deputy Bilac Pinto, also former Secretary of Finance in the Magalhaes Pinto Administration; Celso Melo de Azevedo, head of CEMIG, a mixed-economy, state-controlled, electric power enterprise; and State Secretary of Education Jose Faria Tavares, formerly Magalhaes Pinto's Secretary of Public Security. All these possible candidates, with the exception of Edgar da Mata Machado, are conservative in outlook. Celso Melo de Azevedo has been prominently mentioned for various elective offices. Most recently, he was appointed as State Secretary of Transportation, a position he was unable to accept on grounds of conflict of interests. Federal deputy Bilac Pinto is at present running for reelection.

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Airgram No. A-5
Page No. 4
From: Belo Horizonte

Oswaldo Pierucceti is now a director in one of the State-controlled banks.

Edmund A. da Silveira
Edmund A. da Silveira
American Consul

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CONGEN informed Etelvino Lins and PSD presently negotiating with Governor Sampaio on support Cleofas. PSD terms said to include Vice-Governorship and one Senate slot, but Sampaio reluctant concede Senatorial position. Deal would also include single PSD-UDN slate for federal and state deputies. It generally expected negotiations will succeed or fail within next few days.

Substantial backing for Cleofas now would help resolve impasse. Cleofas enjoying trend of popular sympathy as underdog with consequent diminution Sampaio's prestige and influence, although Governor's support indispensable. If Cleofas supporters proceed skillfully present trend could be substantial asset. PSD nomination Cleofas would be severely damaging blow to Arraes candidacy, and could definitely swing the balance his favor. Press announcement from Rio today reports Arraes has proposed formation popular front incorporating Leftist and Conservative elements.

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PRIORITY

FOLLOWING FROM BRASILIA:

Supreme Electoral Court acting on request for opinion filed by MINAS Governor Magalhaes Pinto decided last night by vote four-three setting of date for plebiscite not within its competency. Three-three tie broken by vote Court President Ary Franco who is also member Federal Supreme Court. This defeat for Goulart appears to leave him only two possibilities obtain early plebiscite by legal means. 1) Congress take initiative 2) Federal Supreme Court decree Ato Adicional void or reverse Supreme Electoral Court decision. Congress may be willing compromise with Goulart on date in 1963 as provided in amendment to Ato Adicional now being pushed by PSD deputies supporting President but this far from probable. Supreme Court has already informally indicated that attempt to void Ato would not succeed.

Embassy officer was informed by high PSD source two days ago that administrations expected four-two decision favoring competence Court to set day (see Embassy airgram A-83) was changed by pressure from Senators who told two judges with Supreme Court ambitions that pro-administration position would kill their chances ever being confirmed to highest court.

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RIO 214

FROM: Rio de Janeiro

TO: Secretary of State

NO: 214, July 26.

ACTION: *file*
INFO: *file*
RM/R FILES: *file*

Industry and Commerce Ministerial nominee Jose Ermitio de Moraes announced rejection post in favor pursuance campaign PTB candidate for Pernambuco Senatorial seat.

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This answers your question, no?

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DEPARTMENT OF STATE

AIRGRAM

732:00/7-2662

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A-108

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PRIORITY HANDLING INDICATOR

TO : DEPARTMENT OF STATE
BUREAU OF INTER-AMERICAN AFFAIRS
JUL 31 1962

FROM : Embassy RIO DE JANEIRO DATE: July 26, 1962

SUBJECT : Brazilian Election Report No. 21 - The Senate

REF : Embassy Despatch 891 of May 14, 1962 and Despatch 960 of June 8, 1962.

This report is devoted to an analysis of the Brazilian Senate. It follows the same pattern used in Report No. 9 (Despatch 960) on the Chamber of Deputies. The electoral record of the senators given herein is useful in assessing the voting strength of that two-thirds of the Senate up for re-election. The information on individual political orientation provides the key for an over all evaluation of the Senate as a whole and a basis for comparison between the present Senate and that to be seated next year as a result of the October elections.

The substance of this report is contained in its various enclosures. In them an effort is made to classify Brazil's incumbent senators by their position on the political spectrum as well as by party and state. The system of classification used is that described in Brazilian Election Report No. 1, Despatch 891 of May 14, 1962, and which is also being used in the election reports by state.

Enclosure number one is an alphabetical listing (by last name or names) of all senators with party, state, and where possible, political classification. Last names are underlined and their noms de guerre or those names by which they are commonly known in political circles and used in the Senate roll call are given in capital letters. Among other purposes, this list is a useful reference to a senator's location on one of the subsequent two enclosures to this report.

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FORM 4-62 DS-323

Drafted by: Robert Dean and Laura Cooley

Contents and Classification Approved: Robert W. Dean

Clearance:



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Enclosure number two contains the electoral record of each senator in the major elections he has participated in since Brazil emerged from the era of the Vargas dictatorship in 1945. This table, in which the senators are grouped by state and the states are listed in alphabetical order, also indicates present party affiliation as well as past affiliation, where a switch has been made, and party alliances where a man has run on a coalition ticket.

In Enclosure number three an effort is made to place the senators in appropriate political or ideological categories. This effort is based on a check of biographic files as well as on consultation with political officers and others at both Embassy Rio and the Brasilia Office whose work has brought them into contact with the senators. Despite the effort and the many views that have gone into these listings, they should be considered tentative and subject to change. Nine of the present total of 62 senators have not yet been placed in any category for lack of sufficient information in their regard. A further effort to classify these individuals and to review those already classified is being made in the individual state despatches being prepared in the Brazilian election series.

A breakdown of the Senate total, by category follows:

| | |
|--|----------|
| Category I - Communists or Crypto Communist | 0 |
| Category II - Fellow-Travelers or Useful Innocents | 0 |
| Category III - Leftist Ultra-Nationalists | 2 |
| Category IV - Non-Communist Radical Reformers | 2 |
| Category V - Centrists | 17 |
| Category VI - Conservatives | 29 |
| Category VII - Rightist Extremists | <u>3</u> |
| SUB TOTAL | 53 |
| Unclassified | <u>9</u> |
| TOTAL | 62 |

A comparison of the category breakdown of the Senate with that of the Chamber of Deputies (contained in Election Report No. 9) shows clearly the more conservative nature of the Senate. In the Senate the median point and the mode fall in Category VI-Conservatives, whereas in the Chamber these points both fall in Category V-Centrists. Moreover, while only 6 to 7 per cent of the Senate may fall into the first four categories, an estimated 20-25 per cent of the Chamber falls into those categories.

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Enclosure number four is a summary table breaking down total representation in the Senate by state and by party.

A comparison of present political party strength in the Senate with that existing immediately after the 1958 elections follows (the parties are listed in the order of their strength in the Chamber of Deputies--see Election Report No. 9):

| | <u>1962</u> | <u>1958</u> |
|----------|-------------|-------------|
| PSD | 21 | 22 |
| UDN | 20 | 17 |
| PTB | 13 | 18 |
| PSP | 1 | 1 |
| FR | 1 | 1 |
| PDC | - | - |
| PSB | - | - |
| MTR | 1 | - |
| PTN | 1 | - |
| PL | 3 | 3 |
| PRP | - | - |
| PRT | - | - |
| PST | - | - |
| No Party | <u>1</u> | <u>1</u> |
| | 62 | 63 |

The present Senate total is short one senator due to the death early this year of Francisco Gallotti of Santa Catarina. The shift in party strength between the two years away from the PTB and in favor of the UDN and two smaller parties is due to defections and to normal attrition where a resigning or deceased senator is replaced by an alternate of another party as the result of participation in an electoral coalition at the time of the 1954 or 1958 elections.

Enclosures: *ptt*
As stated.

For the Chargé d'Affaires A.I.

Robert W. Dean
Robert W. Dean
First Secretary of Embassy

APPROVED BY:

Niles W. Bond
Niles W. Bond
Chargé d' Affaires ad interim

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Incumbent Brazilian Senators

The following is an alphabetical listing (by last names) of Brazilian senators, based on a Senate roll call of mid-June, 1962. Last names of the senators are underlined, and their noms de guerre or names used in the Senate roll call are in upper case. In addition, their parties and states are given, as are their political classifications, where sufficient information is available to place them in one of the seven categories described in detail in Enclosure No. 3 to Report No. 1 (Despatch No. 891, May 14, 1962) of this election series. In the individual state election reports being submitted by the consulates, the Embassy's classifications are being reviewed and a further effort is being made to classify those senators not yet placed in any category. This enclosure is classified Confidential only because of the listing by political category. Without this, it would be unclassified.

| | <u>Category</u> |
|---|-----------------|
| JEFFERSON DE <u>AGUIAR</u> (PSD) Espirito Santo | VI |
| SEBASTIÃO <u>ARCHER</u> da Silva (PSD) Maranhão | VI |
| AFONSO ARINOS de <u>Mello Franco</u> (UDN) Guanabara (see Mello Franco) | |
| JOÃO Cavalcanti de <u>ARRUDA</u> (UDN) Paraíba | VI |
| Alexandre ZACARIAS DE <u>ASSUMPCÃO</u> (PTB) Pará | VI |
| EUGÊNIO de <u>BARROS</u> (PSD) Maranhão | VI |
| IRINEU <u>BORNHAUSEN</u> (UDN) Santa Catarina | VI |
| FAUSTO Augusto Borges <u>CABRAL</u> (PTB) Ceará | VI |
| Aguinaldo <u>CALADO DE CASTRO</u> (PTB) Guanabara | V |
| (PADRE) Benedito Mário <u>CALAZANS</u> (UDN) São Paulo | V |
| MILTON Soares <u>CAMPOS</u> (UDN) Minas Gerais | V |
| ROY <u>CARNEIRO</u> (PSD) Paraíba | VI |
| ALOYSIO DE <u>CARVALHO</u> Filho (PL) Bahia | |
| Antônio de <u>BARRÓS CARVALHO</u> (PTB) Pernambuco | V |
| José de <u>MENDONÇA CLARK</u> (FR) Piauí (As suplente for LEONIDAS NELLO has exercised much of latter's mandate) | VI |
| PAULO Ramos <u>COELHO</u> (PSD) Amazonas | |

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| | |
|---|---------------|
| Jerônimo <u>COIMBRA BUENO</u> (UDN) Goiás | VI |
| Paulino <u>LOPES DA COSTA</u> (UDN) Mato Grosso | |
| MIGUEL <u>COUTO</u> Filho (PTB) Rio de Janeiro | VI |
| Silvério <u>DEL CARO</u> (UDN) Espírito Santo | |
| PAULO <u>PENDER</u> (MTR) Pará | V perhaps III |
| PAULO da Silva <u>FERNANDES</u> (PSD) Rio de Janeiro | VI |
| REGINALDO FERNANDES de <u>Oliveira</u> (UDN) Rio Grande do Norte (see Oliveira) | |
| ARGEMIRO de <u>FIGUEIREDO</u> (PTB) Paraíba | VI |
| LOURIVAL <u>FONTES</u> (PTB) Sergipe | V perhaps III |
| VICTORINO de Brito <u>FREIRE</u> (PSD) Maranhão | VII |
| SILVESTRE PÉRICLES de <u>Góis Monteiro</u> (PSD) Alagoas | VII |
| ALÔ Ticoulat <u>GUIMARÃES</u> (PSD) Paraná | |
| DANIEL <u>KRIEGER</u> (UDN) Rio Grande do Sul | VI |
| JUSCELINO <u>KUBITSCHK</u> de Oliveira (PSD) Goiás | V |
| AFRÂNIO Salgado <u>LAGES</u> (UDN) Alagoas | V |
| VIVALDO Palma de <u>LIMA</u> Filho (PTB) Amazonas | V perhaps VI |
| João de <u>LIMA TEIXEIRA</u> (PTB) Bahia | V |
| PEDRO LUDOVICO <u>Teixeira</u> (PSD) Goiás (see Teixeira) | |
| NELSON <u>MACULAN</u> (PTB) Paraná | IV |
| Jerônimo DIX-HUIT <u>ROSADO Maia</u> (UDN) Rio Grande do Norte | V |
| JARBAS Cardoso de Albuquerque <u>MARANHÃO</u> (PSD) Pernambuco | V perhaps VI |
| GILBERTO <u>MARINHO</u> (PSD) Guanabara | V perhaps VI |
| SÉRGIO Bezerra <u>MARINHO</u> (UDN) Rio Grande do Norte | VI |
| Juvenal LINO DE <u>MATTOS</u> (PTN) São Paulo | VI |
| JORGE Campos <u>MAYNARD</u> (PSP) Sergipe | VI |

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| | |
|--|----------------|
| AFONSO ARINOS de <u>Mello Franco</u> (UDN) Guanabara | III |
| LEONIDAS de Castro <u>MELLO</u> (PTB) Piauí | VI |
| GUIDO Fernando <u>MONDIM</u> (PSD) Rio Grande do Sul | V |
| Auro Soares de <u>MOURA ANDRADE</u> (PSD) São Paulo | VI |
| Antovila Rodrigues <u>MOURÃO VIBIRA</u> (UDN) Amazonas | |
| FILINTO <u>MULLER</u> (PSD) Mato Grosso | VII perhaps VI |
| Camilo <u>NOGUEIRA DA GAMA</u> (PTB) Minas Gerais | VI |
| Antônio de <u>NOVAES FILHO</u> (PL) Pernambuco | VI |
| REGINALDO FERNANDES de <u>Oliveira</u> (UDN) Rio Grande do Norte | V |
| MATHIAS <u>OLYMPIO de Mello</u> (PTB) Piauí | III |
| RUY Soares <u>PALMEIRA</u> (UDN) Alagoas | VI |
| JOAQUIM Santos <u>PARENTE</u> (UDN) Piauí | IV |
| SILVESTRE PÉRICLES de <u>Góis Monteiro</u> (PSD) Alagoas (see Góis Monteiro) | |
| Francisco de <u>MENEZES PIMENTEL</u> (PSD) Ceará | VI |
| SAULO Saul <u>RAMOS</u> (PTB) Santa Catarina | V |
| ARLINDO <u>RODRIGUES</u> (PTB) Rio de Janeiro | |
| Jerônimo DIX-HUIT ROSADO <u>Mais</u> (UDN) Rio Grande do Norte (see Mais) | |
| MEM DE <u>SÁ</u> (PL) Rio Grande do Sul | VI |
| Joaquim <u>LOBÃO DA SILVEIRA</u> (PSD) Pará | V perhaps VI |
| Manuel do Nascimento FERNANDES <u>TÁVORA</u> (UDN) Ceará | VI perhaps V |
| OVÍDIO Antunes <u>TEIXEIRA</u> (UDN) Bahia | |
| PEDRO LUDOVICO <u>Teixeira</u> (PSD) Goiás | VI |
| BENEDICTO <u>VALLADARES</u> Ribeiro (PSP) Minas Gerais | VI |
| GASPAR Duarte <u>VELLOSO</u> (PSD) Paraná | VI |

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ARY Siqueira VIANNA (PSD) Espírito Santo

HERIBALDO Dantas VIEIRA (UDN) Sergipe

JOÃO VILLASBOAS (UDN) Mato Grosso

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Electoral Record of the Incumbent Senators

This enclosure is a roster, by state, of all senators and suplentes (alternate senators) in office as of mid-June 1962. Also listed are the senators who were elected in 1954 or 1958 but have since died or resigned. The roster shows each senator's present party affiliation, the number of votes by which he was elected (except in the case of special elections where figures are not available), and his earlier electoral record.

As the senate term is eight years, the senators whose terms will expire on January 31, 1963, are those (two from each state) who were elected in 1954. Senators elected in special elections, held to fill seats left vacant by the death or resignation of both senator and suplente, hold those seats only for the balance of their predecessors' terms. Juscelino Kubitschek is the only one of the specially elected senators whose seat will not be up for election in 1962.

Incumbent senators are listed in this enclosure by their abbreviated names used in the Senate roll call; their full names are given in Enclosure No. 1. In cases where senators have changed their party affiliation, their affiliation at the time of election is shown next to the vote count, and election on coalition tickets is noted in the same manner. Communist Party support in the 1958 elections, where known, is indicated by a lower case "cp" following the senator's official party label. In the columns showing the senators' electoral records, a lower case "s" in parentheses indicates election as a suplente, while the capital letters "FD" and "SL" indicate, respectively, election to the Federal Chamber of Deputies or to the State Legislative Assemblies.

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| Name and Party | 1958 | 1954 | 1950 | 1947 | 1945 |
|---|-------------|---------------------|--------------------------|--------------------------|-------------------|
| <u>ALAGOAS</u> | | | | | |
| AFRANIO LAGES (UDM) Lost election for governor in 1955, 49,669 votes | | 56,894(s) | | | |
| RUY PALMEIRA (UDM) | | 56,674 | 8,370-FD | | 3,369-FD |
| SILVESTRE FÉRCILES* (PSD) (op) | 51,816(PST) | | | 33,900(PSD) Governor | 6,105-FD (PSD) |
| <u>Elected but not now serving</u> | | | | | |
| FREITAS CAVALCANTI (UDM) | | 60,061 | 9,895-FD | | 3,465-FD |
| <u>AMAZONAS</u> | | | | | |
| MOURÃO VIEIRA (UDM) | | 38,000 (PTB) | 1,826-FD(s) (UDM-PRP) | 12,559-FD** (UDM-PTB) | |
| PAULO COELHO (PSD) | | 31,601(s) (PTB) | | | |
| VIVALDO LIMA (PTB) | 37,065 | | 17,897 Senate | 12,559-FD** (UDM-PTB) | |
| <u>Elected but not now serving</u> | | | | | |
| CUNHA NELLO (PTB) | | 35,568 (PTB-PSP) | 654-FD(s) (PSD-FDC) | | |

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* Unsuccessful candidate for governor on PST-PSP ticket in 1960, with 30,925 votes
 ** Vote obtained by Mourão Vieira and Vivaldo Lima, as running mates in UDM-PTB alliance, in special election held in a few states in January, 1947, to fill vacancies in the Chamber of Deputies

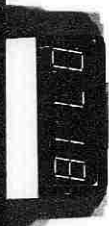
Research work prepared by Laura Cooley

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| Name and Party | 1958 | 1954 | 1950 | 1947 | 1945 |
|---|----------------------|----------------------------|--------------------|-------------------------------|------------------------|
| <u>BAHIA</u> | | | | | |
| OVÍDIO TEIXEIRA (UDM) | | 209,966(a) (UDM-PTB) | | | |
| LINA TEIXEIRA (PTB) | | 299,110 (UDM-PTB) | 2,879-SL (PTB) | 1,919-SL (PTB) | |
| ALOYSIO DE CARVALHO (PL) | 299,413(a)* | | | | 148,039(UDM) Senate |
| <u>Elected but not now serving</u> | | | | | |
| JURACY MAGALHÃES (UDM) Elected Governor 1958 | | 353,226 (PSD-UDM-PTB) | | | 18,591-FD |
| OCTÁVIO MANGABEIRA (PL) Died 1960 | 403,426* | 17,527-FD (PSD-PRF-PL) | | 211,121-Gov. (UDM-PSD-PRF) | 13,480-FD |
| <u>CEARÁ</u> | | | | | |
| FAUSTO CARRAL (PTB) | | 254,354(a) (PR-PTB-UDM) | | | |
| FERNANDES TÁVORA (UDM) | | 285,490 (PR-PTB-UDM) | | 135,225 Senate | 23,024-FD |
| MUNIZES PIMENTEL (PSD) | 266,692 (FSP-PTB) | 22,341-FD | 17,966-FD | | |
| <u>Elected but not now serving</u> | | | | | |
| PARSIFAL BARRÊDO (PTB) Elected Governor 1958 | | 258,728 (PR-PTB-UDM) | 16,789-FD (PSD) | 3,778-SL (PSD) | |

* Coalition of PL-UDM-PDC-PSB-FSP



| Name and Party | 1958 | 1954 | 1950 | 1947 | 1945 |
|---|-------------------------|------------------------------|------------------------------------|--------------------|-----------------------|
| <u>ESPIRITO SANTO</u> | | | | | |
| ANT VIANNA (PSD) | | 75,679 (UDN-PSD) | | | 14,745-FD |
| SILVÉRIO DEL CARO (UDM) | | 22,048(e)* | | | |
| JEFERSON DE AGUIAR (PSD) | 87,921 | 17,034-FD (UDN-PSD) | 1,560-SL | 763(e) SL | |
| <u>Elected but not now serving</u> | | | | | |
| ATILIO VIVACQUA Died January 1961 | | 93,395* | | | 60,119(PSD) Senate |
| <u>GOLÁS</u> | | | | | |
| COTINHA BUENO (UDM) | | 104,496 (UDN-PSD) | | 40,792 Governor | |
| PEDRO ENDOVICI (PSD) | | 104,383 | 84,553-Gov. (PSD-PTB) | | 43,173 Senate |
| JUSCELINO KUBITSCHEK (PSD) | 146,306** (June '61) | 3,077,411 President ('55) | 714,664 Governor (Minae Gerais) | | 26,293-FD |
| <u>Elected but not now serving</u> | | | | | |
| TACIANO DE MELO (PSD) See note on election of Kubitschek | 129,818 | 17,328-FD | | 1,567-SL | |

* Coalition of PTB-PR-FKP-PSF
 ** Juscelino Kubitschek was elected, in a special election held June 3, 1961, to the senate seat previously held by Taciano de Melo. The latter, whose airplane had been killed in an accident, was persuaded to resign from the Senate in order to create a vacancy for Kubitschek. In exchange for his resignation, de Melo was given a post on the Tribunal de Contas (Court of Accounts).

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| Name and Party | 1958 | 1954 | 1950 | 1947 | 1945 |
|--|-----------|---------------------|-------------------------|-------------------------|-------------------|
| <u>GRANABARA</u> | | | | | |
| CAIADO DE CASTRO (PTB) | | 331,704 | | | |
| GILBERTO MARINHO (PSD) | | 260,463 (PSD-PR) | | 113,352(a)* Senate | 5,748(a) FD |
| AFONSO ARINOS (UDM) | 397,464 | | | | |
| <u>MARANHAO</u> | | | | | |
| SERASTIÃO ARCHER (PSD) | | 123,075 | | 36,532(PPB) Governor | |
| VICTORINO FREIRE (PSD) | | 124,670 | | 36,122(PPB) Senate | 4,534-FD (PSD) |
| WIGÊNIO BARROS (PSD) | 106,908 | | 74,745(PSI) Governor | | |
| <u>MATO GROSSO</u> | | | | | |
| JOÃO VILLASBOAS (UDM) | | 47,152 | | | 20,531 Senate |
| FILINTO MULLER (PSD) Lost election for governor in 1960 | | 48,681 (PTB-PSD) | | 21,793 Senate | |
| LEDES DA COSTA (UDM) | 65,415(a) | | | | |
| <u>Elected but not now serving</u> | | | | | |
| FERNANDO CORREA DA COSTA (UDM) Elected Governor 1960 | 73,801 | | 42,313 Governor | | |

* Coalition of PSD-PPC-PTB-PPB-PR-PTM

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| Name and Party | 1958 | 1954 | 1950 | 1947 | 1945 |
|--|-----------------------------|----------------------|---------------------------------|----------|------------------|
| MINAS GERAIS | | | | | |
| BENEDICTO VALLADARES (PSD) | | 761,006 | 38,987-PD | | 41,665-PD |
| MILTON CAMPOS (UUN) (cp) | 780,634 (UUN-PDC) | 29,292-PD | | 448,073* | 11,331-PD |
| ROQUEIRA DA GAMA (PTB) | ** | 28,545-PD | | | |
| <u>Elected but not now serving</u> | | | | | |
| LÚCIO BITTENCOURT (PTB) Died 1960 | | 539,492 (PSD-PTB) | 10,519 | | |
| PARÁ | | | | | |
| ZACARIAS DE ASSUMPÇÃO (UUN) | 112,729 (PTB-PSB-PSB-PR) | | 94,794-Gov. (UUN-PSB-PSB-PL) | | |
| PAULO FENDER (MTR) | *** | | | | |
| LOUÇO DA SILVEIRA (PSD) | **** | | | | |
| <u>Elected but not now serving</u> | | | | | |
| ALVARO ADOLFO (PSD) Died January 1959 | | 88,610 | | | 61,733 Senate |
| MACHINHOS BARATA (PSB) Elected Governor 1955, died May 1959 | | 87,991 | | | 61,906 Senate |

* Coalition of PR-UUN-PDC-PTB-MRD
 ** Elected in a special election on October 3, 1960 to fill the seat left vacant by the death of Lúcio Bittencourt. The election figures are not readily available.
 *** In a special election on February 17, 1957, Dr. Lameira Bittencourt (PSD) was elected, with Paulo Fender (then PTB) as his suplente, to the senate seat left vacant by the resignations of Magalhães Barata and his suplente, Waldic Noroia.
 **** Elected on June 21, 1959, in a special election to fill the seat left vacant by the death of Alvaro Adolfo and his suplente, Acrísio da Miranda. The election figures are not available.

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| Name and Party | 1958 | 1954 | 1950 | 1947 | 1945 |
|------------------------------------|-------------|------------------------|--------------------|------|------------------------|
| <u>PARAIBA</u> | | | | | |
| JOAO ARRUDA (UDM) | | 110,000(FSP-UDM) | | | |
| ARCIMIRO de FIGUEIREDO (PTB) | | 109,416 (FSP-UDM) | 17,969-FD (UDM) | | 13,989-FD (UDM) |
| RUY CARNEIRO (PSD) | 134,179 | | 144,451 Senate | | |
| <u>PARANA</u> | | | | | |
| ALDO GUIMARAES (PSD) | | 135,204* | 8,419-FD(e) | | |
| GASPAR VELLOSO (PSD) | | 21,658(e)* | | | |
| NELSON MACULAN (PTB) | 134,690 (s) | | | | |
| Lost election for governor, 1960 | | | | | |
| <u>Elected but not now serving</u> | | | | | |
| ARILTON DE SOUZA NAVES (PTB) | 291,200 | | | | |
| <u>PERNAMBUCO</u> | | | | | |
| JARBAS MARANHAO (RSD) | | 208,077 (PST-UDM) | 18,768-FD (PSD) | | 10,150-FD (PSD) |
| NOVAES FILHO (PL) | | 204,091 (PL-PSD) | | | 118,918(UDM) Senate |
| BARROS CARVALHO (PTB) (cp) | 264,395** | 19,401-FD (PTB-PST) | 12,968-FD*** | | 2,983(e) FD-(UDM) |

* Guimaraes was simultaneously elected as Senator and as suplente (26,884 votes) for Senator Noyes Lupion. Thus when Lupion was elected Governor in 1955, Guimaraes moved into his seat while Guimaraes' seat was taken by his suplente, Gaspar Velloso.

** Coalition of UIM-PTB-FSP-PTM-FSE

*** Coalition of UIM-FR-FRP-PDC-PTB-PL

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| Name and Party | 1958 | 1954 | 1950 | 1947 | 1945 |
|---|----------------------|-------------------------|------------------------------------|----------|------------------------|
| | | <u>PIAUÍ</u> | | | |
| MENDONÇA CLARK (PR) | * | 95,074(s) (PSD-PTB) | | | |
| MATHIAS OLYMPIO (PTB) | | 87,488 (PSD-PTB) | | | 55,724 (UDN) Senate |
| Joaquim Parente (UDN) | 103,597 (UDN-PTB) | | | | |
| <u>Elected but not now serving</u> | | | | | |
| Leonidas Melo (PTB) | | 97,612 (PSD-PTB) | 17,656-PD (PSD) | | |
| <u>RIO DE JANEIRO</u> | | | | | |
| Paulo Fernandes (PSD) | | 279,507** | | | 10,323-PD |
| Arlindo Rodrigues (PTB) | | 251,477(s) (PTB-PSD) | 2,728-SL | 2,833-SL | |
| Miguel Couto (PTB) (cp) | 281,887*** | 248,562**** Governor | 10,692-PD (PSD) | | 6,866-PD (PSD) |
| <u>Elected but not now serving</u> | | | | | |
| Tarcísio Miranda Died September 1958 | | 242,478 (PTB-PSD) | 285,834 (PSD-PTB) Vice Governor | | |

* Mendonça Clark was an unsuccessful candidate for senator in 1958, receiving 79,963 votes on a PSD-PSD-PR-PR coalition ticket. As suplente for Leonidas Melo, however, he has exercised much of the latter's mandate.

** Coalition of PR-PTB-PTB-PSD

*** Coalition of PTB-UDN-PSD-PTB-UDN

**** Coalition of PTB-PTB-PSD-PR

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Part 9
 Sec. 2
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| Name and Party | 1958 | 1954 | 1950 | 1947 | 1945 |
|---|----------------------|----------------------------|---------------------------|-------------------|-----------------------|
| <u>RIO GRANDE DO NORTE</u> | | | | | |
| REGINALDO FERREDES (UDN) | | 73,810(a) (PSD-UDN-PSP) | | | |
| SÉRGIO MARINHO (UDN) | | 64,861(a) (PSD-UDN-PSP) | | | |
| DIX-SEIIT ROSADO* | 84,264 (UDN-PR) | 16,716-FD (PSD) | 13,064-FD (PR-PSD-PSP) | 3,241-SL (UDN) | |
| <u>Elected but not now serving</u> | | | | | |
| DINARTE MARIZ (UDN) Elected Governor 1955 | | 103,711 (PSD-UDN-PSP) | | | |
| GEORGINO AVELINO | | 81,558 (PSD-UDN-PSP) | | | 44,855(PSD) Senate |
| <u>RIO GRANDE DO SUL</u> | | | | | |
| DANIEL KRINGER (UDN) | | 288,010 (PSD-UDN-PL) | 7,392(a) FD | 2,203-SL | |
| HEM DE SÁ (PL) | | 390,033(a) (PSD-UDN-PL) | 3,795-SL | 2,552-SL | 1,791(a) FD |
| GUIDO MUNDIM (PSD)** | 617,383 (PRB-PRP) | 9,121(a) (PRP)-FD | 5,701-SL (PRP) | | |
| <u>Elected but not now serving</u> | | | | | |
| ARMANDO CÔRREA Resigned shortly after election | | 402,438 (PSD-UDN-PL) | | | |

* Formerly UDN; currently listed as Independent.

** A member of the PRP at time of election, Mundim was listed as PRB on the Senate lists, in late 1961 and early 1962. During the latter half of June, 1962, he was listed as PSD.

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| Name and Party | 1958 | 1954 | 1950 | 1947 | 1945 |
|-------------------------------------|---------------------|------------------------|---------------------|-------------------|-------------------|
| <u>SANTA CATARINA*</u> | | | | | |
| SABLO RAMOS (PTB) | | 145,627 (PTB-PSD) | 21,848-PD | 1,182-SL | |
| IRINEO BORNHAUSEN (UDR)** | 216,775 | | 147,074 Governor | | |
| <u>Elected but not now serving</u> | | | | | |
| NEREU RAMOS (PSD) Died June 1958 | | 160,980 (PTB-PSD) | | | 110,840 Senate |
| <u>SÃO PAULO</u> | | | | | |
| MOIRA ANDRADE (PSD) | *** | 551,549 (PM) | 37,570-PD (UDN) | 5,379-SL (UDN) | |
| LINO DE MATYOS (PM) | | 590,810 (PSD) | 14,763-SL (PSP) | 3,251-SL (PSP) | |
| PADRE CALAZANS (UDR) | 982,536 (UDN-PR) | 5,445-SL | 9,972-SL | | |
| <u>SERGIPE</u> | | | | | |
| LOURIVAL FONTES (PTB) | | 87,879**** | | | |
| JORGE MAYNARD (PSP) | | 42,737(e) (PSP-UDN) | | | |

* One of the three Santa Catarina senate seats has been vacant since the death, in January 1962, of Francisco Benjamin Gallotti, who was suplente for Nereu Ramos. A special election was scheduled for July 3, 1962, to fill the vacancy for the balance of the term, ending January 31, 1963. The results of this election are not yet known.

** Unsuccessful candidate for governor on UDN-PSD ticket in 1960, with 241,502 votes.

*** Unsuccessful candidate for governor on PST ticket in 1958, with 170,627 votes.

**** Coalition of PR-PSD-PTB-PSU-UDN-PST

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| <u>Name and Party</u> | <u>1958</u> | <u>1954</u> | <u>1950</u> | <u>1947</u> | <u>1945</u> |
|------------------------------------|-------------|------------------------------|--------------------------|-----------------------|----------------------|
| HERIBALDO VEHRA (UDM) (op) | 55,999 | 5,812-FD(s) (UDM-PSF-PST) | 3,044-FD(s) (UDM-PST) | | 7,299-FD (UDM-FR) |
| <u>Elected but not now serving</u> | | | | | |
| AUGUSTO MAYNARD GOMES | | 52,548 (FGP-UDM) | | 38,825(PSD) Senado | |

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Incumbent Senators by Political Category

I. COMMUNISTS OR CRYPTO-COMMUNISTS

None

II. FELLOW TRAVELERS OR USEFUL INNOCENTS

None

III. LEFTIST ULTRANATIONALISTS

AFONSO ARINOS (UDN) Guanabara
MATHIAS OLYMPIO (PTB) Piauí

IV. NON-COMMUNIST RADICAL REFORMERS

NELSON MACULAN (PTB) Paraná
JOAQUIM PARENTE (UDN) Piauí

V. CENTRISTS

CAIADO DE CASTRO (PTB) Guanabara
PADRE CALAZANS (UDN) São Paulo
MILTON CAMPOS (UDN) Minas Gerais
BARROS CARVALHO (PTB) Pernambuco
PAULO FENDER (MTR) Pará (perhaps III)
LOURIVAL FONTES (PTB) Sergipe (perhaps III)
JUSCELINO KUBITSCHKE (PSD) Goiás
AFRÂNIO LAGES (UDN) Alagoas
VIVALDO LIMA (PTB) Amazonas (perhaps VI)
LIMA TRIXEIRA (PTB) Bahia
DIX-HUIT ROSADO Maia (UDN) Rio Grande do Norte
JARBAS MARANHÃO (PSD) Pernambuco (perhaps VI)
GILBERTO MARINHO (PSD) Guanabara (perhaps VI)
GUIDO MONDIM (PSD) Rio Grande do Sul
REGINALDO FERNANDES de Oliveira (UDN) Rio Grande do Norte
SAULO RAMOS (PTB) Santa Catarina
LOBÃO DA SILVEIRA (PSD) Pará (perhaps VI)

VI. CONSERVATIVES

JEFFERSON DE AGUIAR (PSD) Espírito Santo
SEBASTIÃO ARCHER (PSD) Maranhão
JOÃO ARRUDA (UDN) Paraíba
ZACARIAS DE ASSUMPTÃO (PTB) Pará
BUGÊNIO BARROS (PSD) Maranhão
IRINEU BORNHAUSEN (UDN) Santa Catarina

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VI. CONSERVATIVES (Continued)

FAUSTO CABRAL (PTB) Ceará
RUY CARNEIRO (PSD) Paraíba
MENDONÇA CLARK (PR) Piauí
COIMBRA BUENO (UDN) Goiás
MIGUEL COUTO (PTB) Rio de Janeiro
PAULO FERNANDES (PSD) Rio de Janeiro
ARGEMIRO FIGUEIREDO (PTB) Paraíba
DANIEL KRIEGER (UDN) Rio Grande do Sul
SÉRGIO MARINHO (UDN) Rio Grande do Norte
LINO DE MATTOS (PTN) São Paulo
JORGE MAYNARD (PSP) Sergipe
LEONIDAS BELLO (PTB) Piauí
MOURA ANDRADE (PSD) São Paulo
NOGUEIRA DA GAMA (PTB) Minas Gerais
NOVAES FILHO (PL) Pernambuco
RUY PALMEIRA (UDN) Alagoas
MENEZES PIMENTEL (PSD) Ceará
MEM DE SÁ (PL) Rio Grande do Sul
FERNANDES TÁVORA (UDN) Ceará (perhaps V)
PEDRO LUDOVICO Teixeira (PSD) Goiás
BENEDICTO VALLADARES (PSP) Minas Gerais
GASPAR VELLOSO (PSD) Paraná
JOÃO VILLASBOAS (UDN) Mato Grosso

VII. RIGHTIST EXTREMISTS

VICTORINO FREIRE (PSD) Maranhão
SILVESTRE PÉRICLES de Góis Monteiro (PSD) Alagoas
FILINTO MULLER (PSD) Mato Grosso (perhaps VI)

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Party Representation in Brazilian Senate, June 1962

| State | PSD | UDN | PB | PL | MIR | PR | PVN | ESP | No Party | Total |
|---------------------|-----|-----|----|----|-----|----|-----|-----|----------|-------|
| Alagoas | 1 | 2 | | | | | | | | 3 |
| Amazonas | 1 | 1 | 1 | | | | | | | 3 |
| Bahia | 1 | 1 | 1 | 1 | | | | | | 4 |
| Ceará | 1 | 1 | 1 | | | | | | | 3 |
| Espírito Santo | 2 | 1 | | | | | | | | 3 |
| Goias | 2 | 1 | | | | | | | | 3 |
| Guanabara | 1 | 1 | 1 | | | | | | | 3 |
| Maranhão | 3 | | | | | | | | | 3 |
| Mato Grosso | 1 | 2 | | | | | | | | 3 |
| Minas Gerais | 1 | 1 | 1 | | | | | | | 3 |
| Pará | 1 | 1 | | | 1 | | | | | 3 |
| Paraíba | 1 | 1 | 1 | | | | | | | 3 |
| Paraná | 2 | 1 | | | | | | | | 3 |
| Pernambuco | 1 | 1 | 1 | 1 | | | | | | 4 |
| Pisul | 1 | 1 | 1 | | | 1 | | | | 4 |
| Rio de Janeiro | 1 | | 2 | | | | | | | 3 |
| Rio Grande do Norte | | 2 | | | | | | | 1* | 3 |
| Rio Grande do Sul | 1 | 1 | | 1 | | | | | | 3 |
| Santa Catarina | 1 | 1 | 1 | | | | | | | 3** |
| São Paulo | 1 | 1 | | | | | 1 | | | 3 |
| Sergipe | 1 | 1 | 1 | | | | | 1 | | 4 |
| TOTAL | 21 | 20 | 13 | 3 | 1 | 1 | 1 | 1 | 1 | 62 |

* Formerly UDN

** One seat vacant as of June, 1962; last incumbent was a member of the PSD.

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PARIS DELIVER PARLEY 8 A.M., JULY 31

POLTO 137 - POLAD AGENDA

- I. Re Soviet penetration Africa see TOPOI 1883
- II. Re Leipzig Fair see Circular 147. USRO should use its best judgment in seeking agreement along lines previous relevant guidance messages.
- III. Other areas.
 - 1) Re Peru, if question recognition raised, USRO should draw on CIRC 135 (July 25) and ASL (July 28) and TOPOI 179 in explaining why we favor deferral recognition Peruvian junta pending possible action by OAS. However, since several NATO countries have recognized junta, believe it unwise to press recognition question hard in NATO at this point. (FYI: Portugal has recognized junta; our demarche to British unsuccessful, and UK recognizing today according British Embassy. We understand French also resuming relations. END FYI). Re status US Ambassador (POLTO 131), see CIRC 132, July 26.
 - 2) Re Brazil, nothing further to convey.
 - 3) Re Egyptian rockets (POLTO 126), USRO may draw on Cairo's 14 to Paris but should avoid reference to West German technical assistance (FYI: degree of assistance not established. END FYI).
 - 4) Re Iran, draw on CFR No. 30 (July 25), pouch registry no. received Paris July 30.

375/7-26-62

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- 2) ARA:ES/M. Wilson
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Following from Brasilia

At press conference following Cabinet meeting Brasilia yesterday Prime Minister stated "it necessary this time reaffirm Cabinet's ideological position: A plebiscite and the Oliveira Brito amendment (Embassy telegram 70) are conditions of its existence. We arrived at executive power interpreting this power as opportunity serve legitimate interests of people. As essential condition our very existence we require consent of people order remain in power. On other hand, without delegation legislative powers, Cabinet would not be in position attenuate sufferings those feeling tremendous effects excessive liquidity (inflation) in the country."

Embassy believes Prime Minister's strong pitch for plebiscite plus Congressional grant special powers (on which theme repeatedly rang changes during course interview) is direct result July 25 refusal electoral tribunal set plebiscite date (Embassy telegram 218) and represents reopening presidentially directed psychological offensive obtain full offers from Congress. View possibility Goulart's determined drive regain presidential powers could lead revival recent crisis, it significant prime Minister (who obviously functioning solely as presidential stalking horse this juncture) refused when questioned commit self resign if unable obtain plebiscite and delegation legislative powers from Congress. This would seem indicate probability presidential campaign will remain on psychological plane for time being, probably with view not only applying pressure for early plebiscite and delegation powers (still undefined) but also obtaining maximum electoral effects from "reactionary Congress" issue.

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DEPARTMENT OF STATE
AIRGRAM

732.00/9-2762

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PRIORITY
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TO : DEPARTMENT OF STATE JUL 30 PM 2 DEPARTMENT OF STATE
BUREAU OF INTER-AMERICAN AFFAIRS
ANALYSIS & DISTRIBUTION BRANCH
JUL 31 1962

*file in
JWP
8/18/62*

FROM : Amembassy RIO DE JANSIRO DATE: July 27, 1962
SUBJECT: BRAZILIAN ELECTION HIGHLIGHTS - July 21-27
REF : Embassy Airgram A-85 of July 20, 1962.

The key election development of the week would appear to be the efforts of leftist-ultranationalist leaders to form a country-wide political bloc to be dubbed the "Popular Front." According to press reports, this movement, supported by President Goulart and headed by Rio Grande do Sul Governor Leonel Brizzola, former Foreign Minister San Tiago Dantas and Recife Mayor Miguel Arraes, will attempt to galvanize the same political, military, labor and student forces used by the Administration in the recent Cabinet crisis to elect a "popular leftist" majority to the next Congress and to swing state gubernatorial races to left-wing candidates. According to the plan, reportedly discussed on July 24 by its principals with President Goulart and his close advisors, Brizzola will coordinate operations from Guanabara south, San Tiago Dantas will be the coordinator in the central Brazilian states, working closely with the most extreme leaders of the Nationalist Parliamentary Front, and Miguel Arraes, supported closely by Francisco Julião and the Peasant Leagues, will command the battle in the Northeast. The most ominous aspect of this development is its reported coordination in the office of President Goulart. The latter, bent upon full restoration of presidential powers and determined to support those who support him--i.e. the Brazilian left, including the Communists with whom he has traditionally collaborated--can be expected to give full Administration support to the Frente Popular and its candidates.

On the other side of the picture are reports that the classes conservadoras, the conservative and centrist groups, are holding for action. In a recent meeting in Rio de Janeiro of Brazilian commercial associations, presided over by Rui Gonca de Almeida,

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Contents and Classification Approved by:

Drafted by: R. Dean, E. Walters, R. Schneider, L. Cooley Robert W. Dean

Clearances:



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President of the Rio Commercial Association, the threat from the left was acknowledged and a decision was reached to support moderate candidates throughout the country, regardless of cost. Moreover, as reported last week, the so-called "parties of the center" are beginning to move to counter the strong election boost expected from the Administration for the PTB and its leftist allies.

In balance, a dramatic shift leftward in Congress is not expected as a result of the October elections. Left wing gains are expected, but the realities of existing party strength and of Brazil's complex system of proportional representation (see Election Reports Nos. 19 and 20, A-82 and A-102 respectively) militate against a drastic leftward swing. Serious gains, however, may be made in certain gubernatorial races, especially in the key northeastern state of Pernambuco where the evident lead of pro-Communist candidate Miguel Arraes is abetted by confusion, vacillation, division and discouragement among those who oppose him. Also in Ceará, Bahia, Sergipe, Amazonas and the state of Rio de Janeiro (not to mention São Paulo where ex-President Quadros is a leading contender) strong left wing gubernatorial candidates are in contention.

Electoral Court Fails to Set Plebiscite on Presidentialism

On July 25 the Superior Electoral Tribunal, by a vote of 4 to 3, declared that it was not within its powers to order a plebiscite on the question of continuing the parliamentary system. The TSE decision left the matter squarely in the lap of Congress, where no action is likely to be forthcoming. Thus, President Goulart's carefully planned effort to regain full powers at an early date--preferably at the time of the October elections--in a peaceful and legal manner failed by the margin of one vote. Since Goulart is not likely to give up this effort easily, other legal and perhaps extra-legal maneuvers can be expected.

Pernambuco

The new UDN candidate, José Neves, unable to obtain both PTB support and the withdrawal of the Armando Monteiro PSD-dissident candidacy, huffily left the race (July 20) as quickly as he had entered it. As a result João Cleofas is again the UDN's and Governor Cid Sampaio's standard bearer. In the opposition camp, São Paulo industrialist José Emílio de Moraes, noting that he already has too much invested in the Pernambuco campaign to quit, has finally declined the invitation to be Minister of Industry and Commerce in order to maintain his candidacy for the Senate and his close political alliance with Miguel Arraes. Newspaper, radio, and TV magnate Francisco Pessoa de Queiroz has also cast his lot with Arraes by accepting a senatorial nomination by the PTB. In other conventions, the PDC decided to support Armando Monteiro in the gubernatorial race; and the PL nominated Senator Novaes Filho for re-election, with former Minister of Agriculture and present newspaper editor Costa Porto as his substitute. The PSD, still considered to be a decisive factor in the critical gubernatorial election, will hold its state convention on August 7 to proclaim officially its candidates and program.

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Guanabara

The bolting from the PSP of all four of its elected federal deputies (Chagas Freitas, Mendes de Moraes, Benjamin Farah and Gurgel do Amaral) and their adhesion to the PSD has now raised interesting questions for the leaders of both parties. With the loss of Chagas Freitas (who alone polled 95,000 votes in 1958 and was thus able to bring Benjamin Farah and Gurgel do Amaral into office on his coattail), the PSP finds itself without a candidate of appreciable stature for the October election. The PSD, whose candidates in 1958 polled a very poor total of 65,000 votes, is welcoming the entry of the four former PSP deputies into the party and is now speculating on just how much of their total of more than 155,000 votes in 1958 was personal rather than PSP-oriented. If personal and transferable to the PSD, it should triple PSD electoral strength in Guanabara.

The Regional Directorate of the PTB trained a big gun on the Lacerda government when it announced the candidacy of Eloi Dutra for the vice-governorship. Dutra is a popular figure in Guanabara and has extremely good chances of winning both the vice-governor's chair and his old seat in the Chamber for which he is also campaigning. Dutra's principal contender will probably be State Assembly President, Lopo Coelho, whose candidacy for vice-governor on the centrist-conservative side is gathering momentum. Coelho, the formal PSD candidate, has already received the endorsement of the PSP; and it is expected that the UDN convention will follow the wishes of Governor Lacerda and the State Directorate and also endorse his candidacy.

The election of the First Vice-President of the PTB's Guanabara Executive Commission at the regional convention to be held in early August will be of utmost importance because with incumbent President Lutero Vargas' assumption of an ambassadorial post abroad, the First Vice-President will actually direct the party. The candidates for the office are Eloi Dutra, Sergio Magalhães and Leonel Brizzola, all of whom are certain to be elected to Congress in October.

Rio de Janeiro

On July 20, the Supreme Federal Tribunal annulled the constitutional amendment on the basis of which José Kezem had been chosen as Vice-Governor of the State of Rio de Janeiro. Carvalho Janotti, who as President of the State Legislative Assembly assumed the governorship on the resignation of Celso Peçanha, will thus retain the post until January 31, 1963. Janotti, whose succession to the governorship was bitterly opposed by Peçanha, is not likely to use the state administrative machinery to support the candidacies of Peçanha (running for Senator) or PSD members close to Peçanha. He has already signed a decree suspending the numerous political appointments made by Peçanha prior to his resignation.

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The nomination of General Edmundo de Macedo Soares e Silva as PSB candidate for governor has brought the number of announced gubernatorial candidates to five, the other four being Paulo Fernandes, Miguel Couto Filho, Tenorio Cavalcanti and Badger Silveira. There are, however, numerous and conflicting reports of probable withdrawals, new entries, and new party coalitions; and it is as yet far from clear who the final candidates will be or what parties will support them.

São Paulo

Developments in the see-sawing São Paulo gubernatorial race underscore the difficulties of holding together a broad coalition of parties behind administration candidate José Bonifácio Coutinho Nogueira. With Nogueira coming from the ranks of the UDN, one of the two Senate slots was allotted to the PDC and the other offered to the PTB in order to gain its support, while the PR produced the vice-gubernatorial candidate. The UDN leadership, however, went ahead on its own (by a 9 to 7 vote) and nominated Roberto de Abreu Sodré for the Senate. This led to further difficulties with the PTB, which is now reconsidering its position on the governorship. In an effort to hold the coalition together, Nogueira on July 25 formally announced his withdrawal from the UDN so as "to be the candidate of all the parties of the Popular Front," a position similar to that adopted by his mentor Governor Carvalho Pinto in 1958. Thus with the PSD and PTB still uncommitted, the São Paulo race is still a three-way toss up.

Bahia

With the PSD launching of leftist Federal Deputy Waldir Pires as its gubernatorial candidate, more pressure was being exerted upon the PTB to desert its shaky alliance with the UDN and PR in support of Lomanto Junior. On behalf of the now-forming "Frente Popular" (Popular Front), San Tiago Dantas (probably speaking for President Goulart) has requested the Bahian PTB to reconsider its stand so that it can support the more "nationalist" candidate--Pires. Other PSD candidates: Vice-Governor Orlando Moscoso, for vice-governor again; and Federal Juridical Consultant Antonio Barbino, for senator.

Paraíba

Despite the "non-political" guise of President Goulart's announced visit to Sapé and his meeting with the Ligas Camponesas, leftist leaders such as Deputy José Joffily are already highly enthusiastic about the social and political overtones of the visit. An association of Paraíba rural landowners has been violently opposed to this apparent presidential endorsement of the Ligas Camponesas. Joffily, a PSB senatorial candidate, has also stated that the October elections in Paraíba will be "very surprising" because of the "unanticipated routing of the reactionaries by the popular forces."

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Acre

The Brazilian Supreme Electoral Tribunal has determined that elections shall be held this year in the new state of Acre for seven federal deputies and three senators. Of the three victorious senators, the two receiving the highest number of votes will win mandates of 8 years, while the third will serve only for four years. With an electorate of only 15,000 (meaning the lowest ratio in Brazil of voters per federal electoral office), Acre should become an attractive hunting ground for ambitious outsiders hoping to buy their way into public office.

For the Chargé d'Affaires a.i.


For Robert W. Dean
First Secretary of Embassy

APPROVED BY:


Niles W. Bond
Chargé d' Affaires a.i.

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ORIGIN/ACTION
ARA-4 (14)

DEPARTMENT OF STATE

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NO. A 8 CONFIDENTIAL

HANDLING INDICATOR

TO : DEPARTMENT OF STATE

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FROM : AMCONSULATE, CURITIBA

DATE: July 27, 1962

SUBJECT: Student Strike in University of Parana

REF: Despatch No. 7 of July 24, 1962

Conversations were held the past two days with student leaders and the Rector of the University, Flavio Lacerda, who returned to Curitiba on July 27 from Brasilia where he had met with the Minister of Education.

Two student leaders of UFE stated that the strike would continue indefinitely if the Minister of Education reversed his position and no longer supported the 1/3 student representation in the university administration.

They said that they were prepared to maintain this position in the face of whatever pressure could be exerted against them. They appear to believe strongly and almost fanatically in their cause and are most vehement in their attacks on the university as presently constituted. They stated that they had full reliance on the Federal Government's support and that they would not lose out on their studies since a decree promoting all students, even though they did not take their exams, would be sure to be forthcoming in the near future. In the improbable event that such a decree would not be issued, they claimed that the students would be willing to sacrifice one year's studies for their cause.

Using the presence in Curitiba of Professor Alberto Machado da Rosa of the Dept. of Luso-Brazilian Studies in the University of Wisconsin as an excuse for a courtesy call on Rector Lacerda, arrangements were made for such a visit a few hours after the Rector's return from Brasilia. The Rector stated that he had with him a declaration by the Minister of Education to the effect that he was now supporting the University's position against 1/3 student representa-

FORM 4-62 DS-323

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From Curitiba

tion. The Rector said the fact that the politicians would not support the students was what caused the Minister to reverse himself. He reiterated his opinion several times that he had no confidence in the Minister of Education and that he believed this Ministry would not help any of the Brazilian universities to obtain any financial or technical assistance under the Alliance for Progress. It is his considered opinion that the universities are completely on their own in trying to accomplish anything in their own behalf.

The Rector stated that his position against greater student representation in the University is very firm and that the strike is a showdown between communists who desire to wreck the educational system of Brazil and the democratic forces manning the universities. He is sure that his position will win out especially if the other rectors now actively support his stand.

The reporting officer commented on the fact that there are several universities in the U.S. such as the University of Wisconsin which now offer courses on Brazilian affairs. He expressed the hope that in view of the close relationship and great interest existing between the Brazilian and American governments and peoples that Brazil might some day have a university with a department possibly equivalent to that in the University of Wisconsin but devoted instead to North American studies. The Rector expressed great interest in this and he plans to try to give some courses on the U.S. on an experimental basis during the University's summer session (provided of course that the strike is settled).

Arthur W. Feldman
Arthur W. Feldman
American Consul

cc. Embassy, Brasilia
Robert Dean, Rio
Brazilian Desk Officer

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ORIGIN/ACTION
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TO : Department of State

1962 AUG 6 PM 4 15

INFO: Rio de Janeiro, Brasilia, São Paulo

FROM (4) Amconsul RECIFE

DATE: July 30, 1962

SUBJECT: Weekly Summary No. 5

REF :

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
AUG 8 1962

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POLITICAL

Upon returning to the campaign for Governor little more than a week ago, Joao CLEOFAS has been running a hard race. Almost nightly last week Cleofas appeared at political rallies around the state together with Governor CID SAMPAIO, drawing large responsive crowds. The success of his public appearances has brought a new

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spirit of enthusiasm into the ranks of Cleofas supporters and, for the first time, lends a convincing note to their talk of a Cleofas victory in October.

The PSD, the only major party in Pernambuco not formally committed to any candidate, has shown signs of moving away from its earlier pro-ARRAES position as Cleofas, and Governor Sampaio and PSD leader Etelvino LINS held discussions on the possibility of a PSD-UDN electoral coalition based on Cleofas' candidacy. The PSD's new willingness to consider supporting Cleofas apparently originated in the Arraes' deal for PTB support, which left little room for the PSD to share the fruits of victory, and in the PTB reluctance to join with the PSD in running a single slate of candidates for state and federal deputy. The greatest obstacle to a PSD-UDN coalition seemed to be the unbelievable mulishness of Governor Sampaio, who dragged feet on the PSD request for the vice governor candidacy and one of the two available Senate slots in exchange for its support of Cleofas. At week's end, negotiations had not been concluded, but the fact that the two parties were still discussing the matter gave rise to hope that some mutually satisfactory arrangement could be worked out.

Miguel Arraes continues to work hard, and his supporters wax optimistic with the success of his public rallies, although some concern in the ranks has been reported in view of Cleofas' revitalized campaign. Arraes journeyed to Rio and Brasilia last week to confer with President Goulart, presumably on the matter of a national popular front. After his return to Recife, he officially turned over the office of Mayor to Vice Mayor Artur Lima CAVALCANTI and started the pre-election leave of absence required by law. Lima Cavalcanti is expected to hold the office only for a short period before taking leave of absence himself to run for Federal Deputy, leaving Municipal Council President Antonio Moury FERNANDES as Acting Mayor. Either Lima Cavalcanti or Moury Fernandes could deal Arraes a severe blow by firing the many Arraes campaign workers now on the city payroll, by making the city's vehicles unavailable for Arraes' campaign, and by stopping the widely-rumored flow of funds from the City treasury into Arraes' campaign chest. The Consulate General doubts that Lima Cavalcanti has the moral fiber to take any such measures against Arraes at this time, even though he privately assures all who will listen to him that he is really opposed to Arraes. Moury Fernandes might be capable of moving against Arraes, but only if he is given strong encouragement and backing.

In other developments, Recife and Olinda Archbishop Dom Carlos COELHO took an indirect swipe at Miguel Arraes with a pastoral letter cautioning local Catholics to guard against Communist infiltration in public executive

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and legislative bodies. Without mentioning Arraes by name, the Archbishop's letter instructed the members of his archbishopric to take cognizance of the present situation, in which persons who may or may not be Communist themselves serve to advance the cause of Communism, and to act accordingly in the approaching election. The letter clearly disassociated the Church from the political activities of Padre Wanderley SIMÕES, Arraes' ardent backer and constant companion.

CEARA

Press reports from Fortaleza announced that the UDN, PTB, PR, PSP, and PRT signed a pact based on the gubernatorial candidacy of Adahil Barreto CAVALCANTI. The vice gubernatorial candidate of the coalition was reported to be Senator Fausto CABRAL, though one group within the UDN continued to work hard in behalf of Edival TÁVORA. Meanwhile, the PSD scheduled its convention for August 4 and 5, even though it had not yet decided whether to run Armando Ribeiro FALCÃO, Vice Governor Wilson GONÇALVES, or Mauro BENEDES as the party candidate for Governor.

2. President Goulart Visits Paraiba

Fears of conservatives and moderate elements that President Goulart's visit to the Northeast this week might become a rabble-rousing play to the extreme left proved groundless. Addressing a crowd of some 15,000 in João Pessoa on July 29, including several thousand Ligas Camponesas members brought in from the country, Goulart restricted himself to calling for basic reforms. He especially stressed the need for a "just and Christian" Agrarian Reform which could be supported by all elements and benefit the Brazilian people as a whole. The object of such a reform was not to transform landowners into workers and workers into landowners, he said, and went on to declare that while the Russian, Chinese and Cuban reforms might be alright for them, they were not for Brazil. Solutions to Brazilian problems, he asserted, would be purely Brazilian.

There was little if any of the expected tension in João Pessoa during the President's brief visit there. The crowd was orderly and obviously in a holiday mood. The President's speech was received with applause but not wild or prolonged cheering. Francisco de Assis LEMOS, the President of the Paraiba Ligas Camponesas and one of the first speakers of the afternoon, orated only for some fifteen minutes. Moderate in tone, his remarks focused largely on describing the poverty-stricken condition of the peasants. Governor Pedro GONDIM followed Lemos, but allowed himself only a few introductory remarks before turning the microphone over to the President.

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Governor Gondim's statement to newsmen before the President's arrival that Goulart was visiting Paraiba in his capacity as President of the Republic and not as head of the PTB was undercut somewhat by huge PTB banners in front of the speakers stand and by repeated references on the part of Lemos and preliminary announcers to the meeting itself as an "assembly of urban and rural workers" and to Goulart as the "President of Brazilian workers."

Generals KRUEL, COSTA e SILVA and LINDENBERG were very much in evidence at the President's elbow, and it was probably due to strong army pressure that his visit to Sapé, the center of Ligas activity, was cancelled at the last moment. Probably because of this, as well as the moderate tenor of his speech, some grumbling was heard in the crowd that the President "was surrounded by an army barbed wire fence." Conservative types overheard discussing the meeting at its conclusion expressed the opinion that it had been "less than the Ligas had hoped for." In his brief appearance at Campina Grande, however, the President was less restrained, the press reporting that a certain tension was generated by his announcement that Brazil must regulate remittance of profits abroad to prevent the exploitation of its people and facilitate the country's development.

Comment: Though the extreme left may have been disappointed by the orderly and moderate tone of the meeting and of the President's speech, the Ligas themselves had scant reason to be disappointed. The President visited the city at the invitation of Ligas leader Assis Lemos and appeared on the stand with him. Moreover, in calling for reforms he referred several times to the Ligas in rather laudatory terms, e.g. as an expression of people's legitimate desire for Agrarian Reform. Thus, while he sailed on a moderate tack, the overall result of Goulart's visit was to slap the reactionary landowners who want no change and to pat on the back the Ligas and progressive elements.

It is worth noting that during Goulart's brief stop-over in Recife neither Governor Sampaio nor any member of his staff went to the airport to greet him. Leftist leaning Vice-Governor Pelopidas SILVEIRA, a political enemy of Sampaio's, was on hand, however, along with representatives of the IV Military District. Sampaio's absence, of course, is not particularly surprising in view of the President's support for Recife Mayor Miguel Arraes in the coming gubernatorial elections.

Also of interest is the fact that Goulart's companions during the flight from Brasilia to Recife, aside from the members of his household, were reported to be Celso FURTADO, Minister of Labor Hermes LIMA, Pernambuco Ligas Camponesas head Francisco JULIAO, and Ultima Hora Director Samuel WAINER. Of these, only Minister Lima and Wainer continued on to Paraiba with the President. (LIMITED OFFICIAL USE)

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3. 26th of July Passes Quietly in Recife

The ninth anniversary of Fidel Castro's attack on Moncada Barracks in Santiago de Cuba passed without major incident in Recife. The local Cuban Friendship Society held a rally at Recife's Teatro Santa Isabel which was addressed by assorted leftists and Communists, headed by Federal Deputy Andrade LIMA Filho. The rally, attended by about 300 persons, consisted primarily of a series of anti-American, pro-Cuban, pro-Chinese, pro-Soviet harangues, and for that type of event was noteworthy in no respect. Aside from the rally, the 26th of July was undistinguishable from the 25th and the 27th. (UNCLASSIFIED)

Comment: It is of interest to note that so far as the Consulate General and CAS are aware, the Cuban Government did not carry a group of local citizens to Havana to participate in the anniversary celebration this year, as it did last 26th of July and has done on several other occasions. (OFFICIAL USE ONLY)

4. Army Troops Occupy University of Ceara

Troops of the IV Army moved into the University of Ceara last week to prevent an outbreak of violence between striking students and agronomy professors engaged in a sit-in exercise. The timely occupation took place less than a week before the end of July vacation period, when the strike is again expected to take on serious proportions.

The strike at the university, which began in late May, prevented professors from entering university buildings and utilizing the university's facilities. Tiring of this long enforced vacation, agronomy professors caught the students napping and simply walked into the agronomy school building, sat down, and announced that they had no intention of leaving. The Rector of the university, Martins Filho, was already in Brasilia discussing the strike situation with federal authorities. He immediately requested army intervention to prevent an outbreak of violence between the students and the professors, and within a matter of hours troops moved in to occupy all university buildings. Press reports indicate that the army will guarantee free entry to the professors. (UNCLASSIFIED)

ECONOMIC

1. Aluisio Alves Praises Alliance for Progress

Directly reversing his position of a few weeks ago when he could see little good in the Alliance for Progress program, Governor Aluisio ALVES

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of Rio Grande do Norte this week announced himself as a firm supporter of and a believer in the Alliance for Progress. As a result of his visit to the United States and talks there with President Kennedy and other high officials, Alves said, he was convinced that the American Government understood the problems of the Northeast and was making a sincere effort to help. "Alliance for Progress offers a stupendous opportunity for the people of this continent to unite toward the common goal of preserving our democratic conception of life," he said. (UNCLASSIFIED)

2. Problems with Food for Peace Shipments

SUDENE Director Celso FURTADO publicly focused attention this week on the mysterious disappearance of stored supplies of Food for Peace beans and corn. According to SUDENE, large quantities of beans and corn turned over to the State Government for storage had simply disappeared from the warehouse. Furtado felt the situation serious enough to declare: "If the conditions do not exist in the Northeast to guarantee the proper handling of these stocks of beans and corn, we will be forced to return them to the United States or to transfer them to the South." Furtado made a special trip to Rio and Brasilia this week to discuss the situation. (UNCLASSIFIED)

3. New PETROBRAS Operations in Pernambuco

PETROBRAS has announced the initiation of new exploratory operations in Pernambuco. At least one wild-cat well is to be drilled in the Sertao region near Inaja. (UNCLASSIFIED)

PSYCHOLOGICAL

Internationally, the item given heaviest coverage this week was the resumption of military activities in Algeria. While most papers reported the story objectively, Ultima Hora took no pains to hide its sympathy for Ben BELLA and his efforts to establish a government that would be "truly nationalist."

On the home front, national and local political events dominated headlines and front pages of all papers. President Goulart's visit to Paraiba was the single most important item of the week so far as the local press was concerned, and alone accounted for headlines in all papers on at least two days during the week.

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Editorial pages in the week's press, for the most part, were the usual assortment of vapid, sterile, circumlocutory comments designed neither to provoke thought nor define position. The one exception was, as usual, Ultima Hora, the only paper to take a hard hitting stand consistently. For the fifth week running, Ultima Hora's back page featured its "The People Speak" series, which consists of a daily picture and word description of the widespread poverty and misery among the lower classes or of the callousness or ineptness of state police or other state agencies, always ending with the conclusion "This cannot continue." Though it is clearly an attempt to influence its readers to vote for Miguel Arraes, enough factual material exists in Recife to allow "The People Speak" series to resemble crusading journalism in the best muckraking tradition.


E. Eugene Delgado-Arias
American Consul General

Contributors:

W. J. Day
W. S. Smith

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NO. 49 SECRET

TO : DEPARTMENT OF STATE

FROM : AMERICAN CONSULATE, CURITIBA

DATE: July 30, 1962

SUBJECT: Catholic Church in Parana vs. Communism

COPY NO. _____ SERIES B

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Padre Alberton, a Jesuit Priest, who is very active in the Marista Movement in Parana visited the reporting officer to discuss a project to build an all inclusive Catholic educational institution (from pre-primary through university) on the outskirts of Curitiba, on land given the Church by the city. To date, the primary and secondary school buildings have been erected and classes are being held in them. Father Alberton is seeking about forty million cruzeiros to finish the project and asked about Alliance for Progress financial assistance. He was informed of the steps to be taken in Brazil to seek financial assistance under the Alliance for Progress. He stated that the local market of benefactors had been drained practically dry to support twenty-eight new churches now under construction.

The conversation turned to national politics and the role being played by extreme leftists. He stated that about 40% of the army, including the General Staff, are communists or fellow-travelers but these elements are pretty well surrounded by reliable elements who will be able to keep them under control. He believes that the Air Corps and Navy are definitely in the democratic camp and thinks the armed forces are ready to take positive action to prevent a communist attempt to take over the Government.

Father Alberton spoke of the activities of the Catholic Church to counter communist advances. He stated that at the prompting of the Church, Mr. Edgar TAVORA, the lawyer for the Prefectura of Curitiba, was sent to Funta del Este to protest against the position Brazil was taking on the Cuba question. In northern Parana, the Church has formed "Ligas"

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to counter the "Ligas Camponesas" and has to date been able to prevent the establishment of any "Ligas Camponesas". The work of the "Ligas" is carried on through the "Maristas", an organization of Catholic men who number about 5000 in Parana, and who according to the priest can be armed with arms which are available should the occasion arise. He did not say where the arms came from or where they are located. He did say that the Maristas had nothing to do with the movement of Manoel Linhares de LACERDA, who claims to head a local militant anti-communist "army". He said that the strategy of the Church is to surround known subversive elements so that their activities can be isolated. He commented that the Church has men in the Communist groups whose true identity is not known and who report back on what the groups are doing. He said that DOPS in Parana is not a reliable organization since many of its personnel are untrained and have no awareness of reality or the urgency of the political situation in Parana. He called them "dreamers". He admitted that the Church had a far more effective and militant organization to combat communism in this state.

Father Alberton then discussed the present university student strike. He said that Father Gustavo, the Chaplain of the Catholic University, is very active in the student movement. He explained that Father Gustavo had been invited to attend a student meeting before the student strike was called and to his surprise found about 2000 students there favoring the strike. He was asked to address the meeting and he stated that neither the Church nor he was against strikes if they are just. This was interpreted by the students as their having his approval of their strike and since then they have considered Father Gustavo as being on their side. The reporting officer pointed out that this opinion was not held exclusively by the students but was also shared by many Curitibaans including State officials. Father Alberton was evidently surprised and he stated that Father Gustavo's statement was misinterpreted by the students. He hastened to say that Father Gustavo was absolutely against the left and that he was now using his relationship with the students not only to strengthen the democratic elements in the UNE and UPE but to contain the influence of the leftist leaders. He said that Father Gustavo attended the National Student Congress in Quintendinho at the invitation of UPE, which even paid his expenses. Father Alberton volunteered to bring Father Gustavo to the Consul to meet the reporting officer to give him some information about the students. He was told that the Consul would look forward to the meeting.

(The position that Father Gustavo took seems somewhat contrary to the position of Archbishop Manoel da Silveira D'Elboux who informed the reporting officer on June 11 that the Church must be careful not to become involved in matters which do not directly concern it. In this connection, he mentioned that he had informed a delegation of striking students which had come to enlist his support, that he could not see how the strike had anything to do with the Church and for this reason he would not commit himself as favoring

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FROM : AmConsulate CURITIBA DATE: July 31, 1962

SUBJECT : Brazilian Elections 1962: Report No. 6: A Status Report - Parana

REF :

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DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
AUG 20 1962
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FORM 4-62 DS-323 CONFIDENTIAL FOR DEPT. USE ONLY
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Drafted by: Arthur W. Feldman Contents and Classification Approved by: Arthur W. Feldman

Clearances:

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I. General.

Parana is one of the fastest growing states in Brazil and has a population of about five million. This rate of growth is in a large part due to the immigration of agricultural workers and colonizers from Minas Gerais, the Northeast, and Rio Grande do Sul. Parana is the largest producer of coffee, mate and pine, and rates as one of the leading producers of cotton, corn, wheat, rice and beans. The state, however, is lagging in industrial development and this is mainly caused by a lack of electric power and good roads. Parana will now have the fifth largest Federal Deputy delegation as a result of being raised from fourteen to twenty-five deputies.

Governor Ney Braga (Democratic Christian Party - PDC) and other state officials have expressed great concern over the inability of the vital services of the state to keep pace with the rate of population growth. The Federal Government has paid little or no attention to repeated requests by the State Government for financial assistance to meet the demands of the population explosion. Projects submitted for consideration under the Alliance for Progress have also not been acted on by the Federal Government. This has resulted in a spirit of frustration which is quite apparent among the state officials.

The Parana elections this year will be for two Federal Senators, twenty-five Federal Deputies, forty-five State Deputies, and four Mayors. Both Federal Senators, Alo Guimaraes and Gaspar Veloso, who are from the PSD Party, have decided not to run for re-election.

II. Political Leader.

The most important political figure in Parana is Governor Ney Braga. Although of the PDC, he heads a coalition of the Brazilian Labor Party - PTB, the National Democratic Union Party - UDN, and the PDC. These parties have until now strongly supported him. However, there are indications that the coalition is not as strong as formerly due to the recent maneuvering of the national parties in Brasilia. Governor Braga is considered to be an honest, hard-working, conscientious administrator who has undertaken to raise the living standards of the workers, and to provide needed electric power facilities, highways and feeder roads, and agricultural diversification. He presents, however, two images; one as a nationalist and public defender of the laboring classes who attacks foreign-owned public services in Brazil, and the other as a national politician who, in speaking privately, is not as strongly opposed to foreign enterprise and who is willing to recognize the need for such participation in these fields. His lack of decision in taking a position has caused him to lose some prestige. Also, his efforts to obtain more PTB support by offering that party certain favors has caused some discontent among his UDN support.

III. Political Parties.

A. The Brazilian Labor Party - PTB has the largest state membership at present, but the death of Senator Souza Naves left the party without strong leadership. The party is consequently unable to exert its full influence.

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It may be for this reason that Governor Braga is courting this party, perhaps with the view of assuming some control over it.

PTB Mayors were elected in about eighty of the approximate two hundred municipalities in the state. The PSD, PDC, and UDN each control about forty municipalities. Some of the PTB strength was gained at the expense of the Social Democratic Party - PSD. It is anticipated that the party will elect one Federal Senator and about nine or ten Federal Deputies.

B. The second largest party is the Social Democratic Party - PSD. Despite the recently revealed scandals of the administration of ex-Governor Lupion, party membership has dwindled, but not to the extent to appreciably affect its position. Moyses Lupion, the party's candidate for Federal Senator, Federal Deputy, and State Deputy, is given a fair chance to win all three. The PSD electorate instead of becoming disillusioned with him as a result of criminal charges having been drawn up against him for activities during his governorship, are reportedly sympathizing with him as a result of the strong attacks made against him by Governor Braga. Perhaps James Gurley's popularity with the Boston voters despite his being convicted for irregularities while in public office may well illustrate the appeal which Lupion exerts on his followers. Reliable reports indicate that since Lupion represents the opposition to the existing administration, many voters will vote for him rather than for any of the other large parties which form part of the coalition government.

Present indications would give the PSD one possible Federal Senator and five or six Federal Deputies.

C. The third largest party is the National Democratic Union - UDN. The UDN is reportedly not as strong a supporter of Governor Braga at present as it was at the outset of his administration. This is in part due to the Governor's passing over the UDN when distributing favors. The UDN is also a bit uncertain as to how the Governor's flirtation with the PTB will eventually affect it.

The UDN is recently showing considerable strength in the rural areas and among the working classes, and it is predicted that the party may elect possibly four or five Federal Deputies. The UDN candidate for Federal Senator is being jointly backed by the PDC. He was reportedly forced upon the UDN by Governor Braga, who used great pressure to have his friend Adolpho de Oliveira Franco chosen. Many in the UDN consider the candidate too conservative for their tastes. He is given a good chance to win.

D. The fourth largest party is the Christian Democratic Party - PDC, which is gaining strength through the personal popularity of Governor Braga. The Governor's control of the state's purse strings can also elicit considerable support from municipal politicians desiring state aid for local projects.

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The PDC is backing a coalition candidate selected by Governor Braga for Federal Senator, and he has a good chance to win. The PDC may elect four Federal Deputies.

Under the leadership of Governor Braga, the party, although anti-Communist, is closely approximating the platform of the PTB. The PDC is adopting a neutralist position between capitalism and Communism, and condemns both.

B. The smaller political parties - PSP, PRP, PTN, PSB, MTR, and PL, have little significant strength, but by forming a coalition may elect one or two Federal Deputies. With the exception of the PSB, they represent centrist-conservative elements and their candidates for Federal Deputies will undoubtedly be so oriented when they finally select them. The PTN is supporting Adolpho de Oliveira Franco for Federal Senate, whereas part of the PSP is supporting Lupion and part (with the PR, PRP, and PST) is backing Rocha Netto.

Only the PSB has selected its Federal Deputy candidate to date.

IV. Classification of Candidates.

A. The Federal Senators.

1. New Candidates.

The following candidates are described in the order of their present popularity; the two incumbents, both from the PSD Party, have decided not to run for re-election.

Amaury de Oliveira e Silva - He is a native of Parana, about forty years of age, married, is a lawyer, and his home is in Londrina. He has a good background, is from a well-known family, has modest means, and has been in politics since 1950. He was a former member of the PR, but now belongs to the PTB. He is the spokesman for the state PTB whenever Senator Nelson Maculan is absent, and has a reputation as an able public speaker. He is very popular in North Parana, especially in Londrina. A centrist.

Adolpho de Oliveira Franco - He is a native of Parana, about forty-seven years of age, married, and is a lawyer and banker. He is from a well-known family in Curitiba, is a coffeegrower and owns large tracts of land in Astorga, North Parana. In 1954, he was appointed Director of the Agricultural and Industrial Credit Department of the Bank of Brazil. As Chairman of the Board of the Banco Comercial do Parana, one of the largest banks in the state, he has considerable influence. This is the first time he is a candidate for elective office. In 1955, he was elected Governor by the State Legislature to complete the term of Governor Bento Munhoz da Rocha Netto, who resigned nine months before his term was to end in order to run for Vice President. It was only through the strong personal backing of Governor Ney Braga that his candidacy was imposed upon the PDC - UDN - PTB coalition. He is also receiving some PSD support. A conservative.

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Moyses Lupion - He is a native of Parana, about fifty years of age, married and is extremely wealthy. He is the leader of the Parana PSD. He was elected Governor in 1945. In 1950, he was elected Federal Senator, but did not complete his term in order to successfully run for Governor in 1955. At the present time, he is facing criminal charges for alleged gross misuse of public funds during his governorship. The sharp attacks made by Governor Braga against him have only resulted in creating sympathy for Mr. Lupion among certain elements. Lupion is said to be anxious to be elected so as to obtain immunity from possible court action. A conservative.

Bento Munhoz da Rocha Netto - He is a native of Parana, is about forty-five years of age, is married, is a civil engineer, and a former philosophy professor. He was elected Federal Deputy in 1945 and later served as Secretary of the Federal Chamber. In 1950, he was elected Governor of Parana, but resigned in 1955 to unsuccessfully run for Vice President on Marshal Juarez Tavora's ticket. During the administration of President Joao Cafe Filho, he was Secretary of Agriculture. Rocha is now a widely respected Federal Deputy. He not only has the support of the PR, his own party, but also that of the PSP, PRP, and PST. A centrist.

Sebastião Martins Vieira Lins - He is a native of Pernambuco and a Curitiba lawyer of modest means. As a member of the PTB, he was elected Federal Deputy in 1950. He later joined the PSD and served the second Lupion governorship as General Counselor. He recently joined the PSB with whose political philosophy he is in full accord. He is considered to have little chance of being elected. He can be classified as a fellow-traveler.

B. The Federal Deputies.

1. Incumbents Running for Re-election (by party and by present position in popularity).

PTB - (should elect nine or ten)

Caill Maio Netto - He is from Ponta Grossa, is of Sirian descent and is extremely wealthy. He is reported to be a close friend of President Goulart and is considered to be strongly anti-Communist, vigorous, dynamic and honest. A centrist.

Miguel Buffara - He is from Paranagua, is extremely wealthy and is considered to be an opportunist and unethical, which is reflected in his extensive contraband activities. A conservative.

Antonio Baby - He is from União da Vitoria, southern Parana. He is a railroad worker of modest means, is honest and a strong anti-Communist. He is popular with the working class and is a vigorous defender of Parana interests. A non-Communist radical reformer.

Jose Silveira - He is a wealthy physician from Nova Esperança in northern Parana. He is a coffee-grower and reportedly has lost some support to Renato Celidonio. A leftist ultra-nationalist.

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PSD - (should elect five or six)

Rafael Rezende - He is an extremely wealthy Londrina landowner and coffee-grower. He is about forty-five, and has strong support in North Parana. He is friendly to the United States. A conservative.

Manoel de Oliveira Franco Sobrinho - He is a wealthy lawyer and is a cousin of Adolpho Oliveira Franco, a candidate for Federal Senator. Although Manoel is anti-Communist, he is considered to be a political maverick, and to have some socialistic tendencies. A non-Communist radical reformer.

Mario Gomes - He is a wealthy retired army general. He was Chief of the Santa Catarina State Police from 1943-44, an interventor in Parana in 1945, and was twice Federal Deputy for Parana. He was formerly secretary for Lupion. He refused an invitation to be President of Sidirugia Nacional. He is pro-U.S. A conservative.

Antonio Lustoza de Oliveira - He is a former State Deputy. He is now the President of the Parana Caixa Economica. He is pro-U.S. A conservative.

2. New Candidates (by party and by present position in popularity).

PTB -

Antonio Anibelli - He is a wealthy lawyer from Clevelandia, southern Parana. He is a strong advocate of land reform. As president of the State Assembly in 1955, he served as governor for one month when the governor resigned. He is a native of Rio Grande do Sul and his strength is in Southwest Parana. A non-Communist radical reformer.

Wilson Chedid - He is an official of the Parana Bank Workers Union (a Communist-dominated union), is a lawyer and is married. He works as a clerk in the Curitiba branch of the Bank of Brazil. He is supported by the majority of Parana bank employees. He was the personal secretary of the late Senator, Souza Naves (PTB). A leftist ultra-nationalist.

Egon Bertch - He is a wealthy landowner and land developer in Toledo, West Parana. He is married and is a lawyer. He is popular among the large Parana German colony. He ran for Federal Deputy in 1958, but was not elected. He is honest. A centrist.

Elias Nacle - He is single, and a wealthy Curitiba lawyer who has considerable support in the Bandeirantes area in North Parana. He is considered to be an opportunist and a centrist.

Renato Celidonio - He is married and is an extremely wealthy landowner and coffee-grower from Londrina. He is also popular in the Maringa area. He is perhaps the wealthiest of all the Parana Federal Deputy candidates. A centrist.

Fernando Gama e Souza - He is an inspector for the Curitiba branch of the Bank of Brazil. He has modest means, is honest and a close friend of Goulart. A centrist.

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Aldo Silva - He is married and is a wealthy landowner and coffeegrower from Paranaivai, North Parana. He is a former State Deputy, who profited greatly from land sales during the Lupion administration as Governor. He lost the race for PTB State Deputy in 1958. A leftist ultra-nationalist.

PSD -

Moyses Lupion - See comments on Lupion under Federal Senator (IV. A. 1.).

Plinio Costa - He is a wealthy Curitiba businessman, and a former unsuccessful candidate for Governor. He is very popular, highly respected, and an active Catholic. A centrist.

João Ribeiro Junior - He is a wealthy physician and a State Deputy, with strong support in North Parana. He has suffered somewhat from his close connection with Lupion. A conservative.

João Simões - A former director of the Parana State Bank under Lupion. He has been accused of gross misuse of public funds. He is extremely wealthy and his principal strength is in Londrina. A conservative.

Nivon Weigert - He was former Parana Secretary of Education under Lupion. He is an extremely wealthy industrialist and landowner. He is married, about forty-five years old, and is pro-U.S. A conservative.

Lincoln da Cunha Pereira - He is a wealthy Curitiba lawyer, was Secretary of Labor under Lupion. He is a State Deputy, married, and is about forty years old. He has a good reputation, and a wealthy father-in-law, who is a São Paulo industrialist. A centrist.

UDN - (should elect four)

Hermes Macedo - A lawyer and an extremely wealthy Curitiba businessman, who is a native of Rio Grande do Sul. An active Catholic, he is strongly supported by the Catholic Church. He actively campaigned for Governor Braga. A conservative.

Newton Carneiro - A lawyer, he is from a wealthy old family in Parana. As a young man, he worked in the Brazilian Commercial Office in New York. He was a former Federal Deputy, and was President of the Foreign Relations Committee in the Chamber of Deputies. He served as Parana Secretary of Education and Culture in 1951, and Secretary of Agriculture in 1953. He actively campaigned with Governor Braga. He is pro-U.S. A conservative.

Edwino Donato Tempiski - A Curitiba physician of moderate means, he was State Deputy from 1947-54. He has an excellent reputation. A conservative.

Zacarias Seleme - A Curitiba lawyer of moderate means. He was an unsuccessful candidate for State Deputy in 1954 and 1958. He is honest. A conservative.

Mario Braga Ramos - He is from Ponta Grossa, is married, a dentist, and is a cousin of Governor Braga. He was Parana Secretary of Education under Governor

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Braga, but recently resigned to run for Federal Deputy. He is counting on the support of Governor Braga and the present Secretary of Agriculture, to be elected. A conservative.

Garibaldi Reale - Born in São Paulo, he is a very wealthy coffeegrower in Jacarezinho, North Parana. He is President of the Parana Coffeegrowers Association. He is the Parana Coffeegrowers representative in the Administrative Council of IBC. During the administration of Governor Munhoz da Rocha, he was director of the Assistance Fund for Rural Workers. A conservative.

Jorge Curi - He is married and the brother of the present Secretary of the Legislative Assembly. He is anti-American. He is an industrialist who was born in União da Vitória, where he still lives. He has business connections with São Paulo. He was one of the founders of the Parana National Democratic Union. A conservative.

PDC - (should elect three or four)

Jose Richa - A young Curitiba lawyer, he is now an assistant to Governor Braga, who is taking a personal interest in his campaign. He has modest means and is popular among the students. A non-Communist radical reformer.

Accioly Filho - He is a wealthy Paranagua lawyer, married, and has been Federal Deputy five years (not very active). He was formerly Director of the Parana Penitentiary, and a State Deputy. He left the PSD three years ago, as a result of an open break with Lupion, and recently joined the PDC. A centrist.

Waldomiro Haneiko - A Catholic priest from Apucarana, who publicly denounced Lupion. He is a State Deputy with a good following among the Polish and Ukrainian colonies. He is still running, despite the Catholic Church's injunction against such activity. He is pro-U.S. and a conservative.

Jansen de Mello - He is married, is a Major in the Brazilian Army, and has served two years in Curitiba. He now lives in Rio de Janeiro. He is an ardent sportsman, and is very popular with the local youth. A centrist.

Emilio Gomes - He is married, and is a wealthy businessman in Irati. He is Mayor of Irati. A centrist.

Benedito C. Silveira - He is married, and is a wealthy lawyer, landowner, and coffeegrower in Santo Antonio da Platina, North Parana. He served as Chief of the Civil Cabinet of Governor Braga for a short time, but resigned due to a reported personality conflict. A centrist.

PSB - (not expected to elect anyone)

Jose Rodrigues Vieira Neto - A Curitiba law professor of unusual ability, he is generally recognized as one of the principal Parana Communist leaders. He is a declared Communist. He has limited wealth in relation to the majority of the other candidates, and is given an extremely remote chance of being elected. A Communist.

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PRP - (may elect Luz)
Ivan Luz - A lawyer from Londrina, he is President of INIC. He may replace Plinio Salgado. A rightest extremist.

V. Predictions of a Leading Political Commentator.

Aloysio Elasi, considered to be a prominent political commentator in Curitiba, and columnist for the newspaper, "Gazeta do Povo", and the magazine, "Divulgacao", has recently made some "safe" predictions on the outcome of the Federal Deputy elections. He has selected as sure bets, the following:

Newton Carneiro - UDN
Hermes Macedo - UDN
Accioly Filho - PDC (Incumbent)
Plinio Costa - PSD
João Ribeiro Junior - PSD
Caill Maia Netto - PTB (Incumbent)

and as "possible" winners, the following:

Jose Richa - PDC
Mario Braga Ramos - UDN
Jorge Curi - UDN
Antonio Lustoza de Oliveira - PSD
Nivon Weigert - PSD
Manoel de Oliveira Franco Sobrinho - PSD (Incumbent)
João Simões - PSD
Rafael Rezende - PSD (Incumbent)
Wilson Chedid - PTB
Antonio Baby - PTB (Incumbent)
Miguel Buffara - PTE (Incumbent)
Renato Celidonio - PTB

Arthur W. Feldman
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American Consul

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| ARMY | CIA | NAVY | Enclosed is a memorandum on Brazil, addressed to Mr. Moscoso by Mr. Roberto de Jesus, Now President of the Banco de Ponce (Puerto Rico), who was sent to Brazil in May of this year to study the economic and political situation and to talk to private enterprises about the perspectives of the Alliance for Progress in those countries. | | |
| OSD | USA | NSA | It is requested that Embassy/USAID Rio submit comments after consideration of the recommendations in the memorandum. | | |
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AIR PRIORITY

TO : DEPARTMENT OF STATE 1962 AUG 3 PM 5 21

DEPARTMENT OF STATE
BUREAU OF INTER-AMERICAN AFFAIRS
ANALYSIS & DISTRIBUTION BRANCH
AUGG 1962

FROM : Amcongen SÃO PAULO DATE: August 1, 1962

SUBJECT : Weekly Summary No. 31

REF :

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 6. José Bonifácio Leaves UDN
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PSYCHOLOGICAL: 1. Local Press Reaction

POLITICAL

1. Ermfrio de MORAES Declines Ministry; Gets Open Communist Support

São Paulo industrialist José Ermfrio de Moraes declined the Ministry of Industry and Commerce (Weekly Summary 29) to continue his senatorial race, in which he is allied with far-leftist Pernambuco gubernatorial

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candidate Miguel ARRAES. At least one other São Paulo businessman of the same ilk is believed to have hopes for the Ministry. In the meantime, leftist/nationalist newspaper Ultima Hora is in a high dither over the "economic McCarthyism" of groups said to be considering reprisals against poor Ermírio de Morães, who has one of Brazil's biggest industrial machines. Official Communist Novos Rumos also gave editorial sympathy to his courageous fight against foreign capital. (LIMITED OFFICIAL USE)

Comment: The bedfellowship becomes stranger and stranger. (LIMITED OFFICIAL USE)

2. Student Strike Cracks

Two schools of Mackenzie University have decided to go back to classes. The strike did not accomplish anything, but then it had little evident motive in the first place (Weekly Summaries 19 and 23). Students of the School of Engineering voted to censure the Communist-controlled National and State Students' Unions (UNE and UES) and to consider severing participation in the Unions.

Students in some schools of the University of São Paulo are also said to be wavering. (OFFICIAL USE ONLY)

Comment: The Communist-inspired strikes had no hope of benefitting serious students. Most students realized this all along and now, faced with the possibility of having to repeat a year of studies, they are beginning to be willing to do something about it. (LIMITED OFFICIAL USE)

3. Democratic Secondary Students Under Fire

The Communist-controlled Brazilian Union of Secondary Students (UBES) has intervened in the São Paulo Union (UPES), in which democratically inclined students recently won control (Weekly Summary 29). If they get away with the intervention, which is not sure, the Communist students reportedly plan to organize new elections. (OFFICIAL USE ONLY)

4. Gubernatorial Campaigns Quicken

Some two months before elections, José Benfício NOGUEIRA's campaign assets continue to be (a) Governor CARVALHO PINTO and (b) plenty of funds. The large scale of the campaign is bound to have some impact, but the public does not seem very interested in what the candidate has to say. When Carvalho Pinto speaks, it is another story. He has again confessed interest

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in the 1965 presidential elections, hinging his candidacy on José Bonifácio's success in a move bound to gain the latter votes. The really impressive numbers of public works projects now ready for christening provide both candidate and Governor with dozens of receptive audiences. The Governor is campaigning hard and capably, perhaps to his opponents' surprise; and his statements are directed nationally as well as locally -- which seems to please Paulista voters. Though hobbled by determination to keep President GOULART on his side, he manages to convey disapproval of many of the President's moves. José Bonifácio sticks strictly to local issues. Even his intimate associates are concerned with the way the campaign is going, but the political professionals are far from ready to write him off. If the Governor had chosen a more inspiring candidate, he might have been comfortably in front by now.

Adhemar de BARROS has yet to come up with a solid issue; and his style, while good, is already familiar to the public. He is the only one of the candidates on the record as opposing President Goulart's power plays, but in general he has avoided issues and ideologies and stuck to practical politics. His party's legislative candidates are not happy with this lack of talking points. But Adhemar continues obviously strong in sections of both industrial and agricultural São Paulo.

Jânio QUADROS' supporters express concern with his campaign in the "interior," but he is making a hit with the factory workers. His image is better than it has been since his resignation. The national crisis, which is understandably confusing to uneducated laborers, lends credence to Jânio's line that "it is impossible to govern with that reactionary Congress," "I resigned so as not to betray you," "my resignation was a denunciation," and so forth. Catering to his audience, Quadros loses few chances to praise Getulio VARGAS and deplore "this spoliation by foreign capital, which sucks us dry...." (LIMITED OFFICIAL USE)

Comment: There is still no distinct front-runner, but Jânio has moved up. (LIMITED OFFICIAL USE)

5. PTB Loses Another

Well-known writer Menotti del PICCHIA resigned from the Brazilian Labor Party (PTB) when São Paulo PTB leader Ivette VARGAS asked for an explanation of his vote against accepting San Thiago DANTAS for Prime Minister. "It is an honor for me to leave," said Federal Deputy del Picchia. "The PTB of Deputy Ivette Vargas has left me." (UNCLASSIFIED)

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Comment: Menotti del Picchia is a better writer than politician, but he was nevertheless one of the best and most useful remaining elements of the Paulista PTB. Most observers see nationwide gains for the PTB in the October elections, but it is hard to see how the Paulista PTB as weakened by Miss Vargas can help the trend. It is now very short of appealing candidates. (LIMITED OFFICIAL USE)

6. José Bonifácio Leaves UDN

When Roberto Costa de Abreu SODRE accepted a National Democratic Union (UDN) senatorial candidacy, a split in the five-party administration electoral coalition became possible (Weekly Summary 30). The UDN had both a gubernatorial and senatorial candidate; the Christian Democrats (PDC) and smaller parties were left holding the bag. José Bonifácio promptly withdrew from the UDN but continued running as an independent. The UDN continued to support him. The PDC continued to waver. (UNCLASSIFIED)

Comment: José Bonifácio's withdrawal appears to have been strictly pro forma, done with the connivance of his party. The question is still whether the PDC will revive its old competition with the UDN. The Governor will exercise his considerable authority to keep the parties under control. (OFFICIAL USE ONLY)

7. Communists Prepare for "National Liberation Congress"

A preparatory convention was held on July 23 to determine the Paulista platform for a "National Liberation Congress" scheduled to be held in São Paulo August 21 - 24. Though apparently connected with the "National Liberation Front" (FLN), which was a leftist/ultra-nationalist but not strictly Communist group when organized last October, the July 23 convention was a Communist show. Judging from a report in *Novos Rumos*, the key theme was the necessity of "renovation of the parliament, taking steps to give the legislative houses, in the greatest degree possible, an authentic popular representative character." Persons said to attend, in addition to known Communists, were Francisco JULIÃO, Christian Democratic Federal Deputy Paulo de TARSO, and São Paulo PTB leader Ivette Vargas. The founders of the National Liberation Front and a flock of other well known leftist politicians are on the list of participants for the August convention. (OFFICIAL USE ONLY)

Comment: The Communists hope to use the convention and the FLN to the maximum as vehicles to influence the October elections. But this

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could turn out to be a kiss of death, as the Communists themselves seemed to have realized earlier. Communist support of the FLN has so far been confined to propaganda, and the organization is moribund. Unfortunately, it cannot be written off before seeing what happens in August. If the convention is well attended and skillfully conducted, it might revive the Front. Communist regimentation and organizational skill, if accepted, could provide ingredients the FLN has totally lacked. It remains to be seen whether this advantage will outweigh the stigma. (LIMITED OFFICIAL USE)

8. Ballot Reform Signed

Senate President Auro Meura ANDRADE, in his São Paulo residence, signed the law instituting a single official ballot for legislative elections in São Paulo and certain other places (it is his prerogative to sign laws when the President takes no action). Because of the Regional Electoral Court's opinion that ballots following the new legal model cannot be prepared in time for elections (Weekly Summary 30), many candidates for legislative seats held their campaigns in suspense. The type of campaign will vary considerably with the type of ballot to be used. São Paulo Congressmen were reportedly preparing a bill to substitute a more practical single ballot for the model already approved. (UNCLASSIFIED)

Comment: "Only in Brazil could this happen," sigh the candidates. But the single ballot will evidently be in effect for the October elections in one form or another. There is little to go on in predicting the result. At best, the ballot reform could make re-election tougher for some of the corrupt, opportunistic conservatives who have so far had the advantage of enough cash to buy and distribute millions of ballots. At worst, it could improve chances for far-leftists whose appeal may previously have been greater than their pocketbooks. In any case, assuming that some sort of practical single ballot is devised, public opinion should come through more clearly than before. There has been no cause for serious worry about São Paulo public opinion. The single ballot might encourage a swing toward the "left," but any increase in leftist/nationalist representation could well be counterbalanced by greater numbers of reform-conscious centrists. (LIMITED OFFICIAL USE)

9. Air Force Command Changes

Major-Brigadeiro-de-Ar Nelson Freitas Lavanere WANDERLEY has been transferred from command of the Fourth Air Zone, based in São Paulo. His replacement is Brigadeiro-de-Ar Ayrísio BOTELHO. (UNCLASSIFIED)

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Comment: Wanderley, who is friendly to the United States, is personable and reportedly very capable. The Consulate General does not know whether his successor was chosen on similar qualifications or for reasons more interesting to President Goulart. (LIMITED OFFICIAL USE)

10. Labor Unity Pact Formally Re-established

At a meeting on July 29 Paulista Communist labor leaders formally re-established the extinct Inter-Union Unity Pact (Pacto de Unidade Inter-Sindical), between local unions in São Paulo City. The Executive Committee of the new pact is overwhelmingly Communist. The largest São Paulo local unions in the industrial sector such as the metal workers, textile workers, chemical and pharmaceutical workers, and construction workers -- all Communist-dominated -- joined the new pact as expected. Very few non-Communist unions have joined, despite strenuous Communist efforts to attract unions in the transportation, public utility and communication fields (Weekly Summaries 28 and 30). (OFFICIAL USE ONLY)

Comment: Notwithstanding considerable favorable publicity by opportunist-leftist-nationalist Ultima Hora, the renewed pact would not seem to represent much of a concrete advance for the Communists. It appears to be a case of birds of a feather flocking together. In itself the re-establishment of the pact would not materially increase the Communists' doubtful capacity to carry out in São Paulo a successful general strike on clearly political issues. Some observers see the pact as an instrument in focusing labor support for a São Paulo Janguista "popular front," which, according to rumors, Goulart intends to set up in principal Brazilian cities to strengthen his political base. (LIMITED OFFICIAL USE)

PSYCHOLOGICAL

1. Local Press Reaction

PLEBISCITE FOR BRAZIL - Hottest editorial topic of the week was Premier Brochado da Rocha's threat to resign unless a general plebiscite on the parliamentary question was scheduled shortly, and special powers for coping with Brazil's economic problems granted to him. Local papers generally disagreed with the Premier on the plebiscite question, holding that the constitutional provisions covering plebiscites should be observed. Most papers agreed, on the other hand, that Congress should grant him the extraordinary powers requested.

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BRAZIL'S NEW FOREIGN MINISTER - Appointment of Jânio Quadros' foreign minister, Afonso Arinos, to the same position in today's government split local editorialists, with the majority on the critical side. "Wait and see" was the general tenor. Prestigious O Estado de S. Paulo waxed violent, blaming Arinos for Brazil's lamentable position vis a vis Cuba and for Soviet penetration into the hemisphere. Other critics were milder; several took a warning note, stressing Brazil's proper place with the Western nations and her need to follow a foreign policy consistent with the West's objectives.

COMMUNIST ACTION IN BRAZIL - A number of editorials pondering the high incidence of social unrest and strike action in the country of late, give evidence that Brazilians are learning to recognize the enemy in their midst; all cited Communist activity as the agent involved, and warned that decisive methods must be employed in containing the menace.

26 DE JULIO - Another anniversary of the Cuban revolution came and went, but was practically ignored by editorial writers. Only O Estado de S. Paulo carried a vigorous editorial denouncing Fidel Castro as a traitor whose failure or success could be measured, using "el paredón" as a measuring stick. "He sold the glory of Santiago de Cuba and of the Sierra Maestra for a plate of Soviet lentils, which haven't arrived yet," said O Estado. (UNCLASSIFIED)


Daniel M. Braddock
Minister Consul General

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ORIGIN/ ACTION 39

DEPARTMENT OF STATE

732.21/8-763

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AIRGRAM

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A-148

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AIR POUCH

HANDLING INDICATOR

TO : Secstate WASHINGTON

132 AUG 10 AM 11 14

RM/RM ANALYSIS & DISTRIBUTION SEARCH

FROM : Amembassy BRASILIA Office

DATE: August 7, 1962

SUBJECT: July 9 Speech of Brochado da Rocha

REF :

ARA-732.13

Embtel 102 summarized the speech made to the Chamber of Deputies on July 9 by Brochado da Rocha, prior to the Chamber's vote approving him as Prime Minister. Attached is a translation of the full speech.

For the Ambassador:

Harry Weiner
Harry Weiner

Second Secretary of Embassy

APPROVED:

Philip Raine
Philip Raine

Counselor of Embassy for Political Affairs

Enclosure: *at* Translation of the Brochado da Rocha Speech to the Chamber of Deputies on July 9, 1962.

DISTRIBUTION: All consulates in Brazil, Service Attachés, USIS, Econ (2), Labor, Pol II, CF (3), Pol Rio (5), Brasilia (5).

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FORM 5-62 DS-323

In Out

Dictated by:

HWeiner:jw

Contents and Classification Approved by:

PRaine

Clearance:

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Enclosure 1
Airgram No. A-148
Brasilia Office

JULY 9 SPEECH OF BROCHADO DA ROCHA

"President Mazzilli, Honorable Deputies.

I cannot conceal the emotion and consciousness of responsibility with which I appear before this august tribune of the people, the plenary of the Chamber of Deputies.

The admiration and respect which I hold for the Parliament of my country has deep roots, both in the old paternal influence, still clear to me, which so often raised itself in this chamber, in decisive national moments, and through my own observation and legislative experience, in the constituent assembly of my state, reflected finally in my holding a chair of Constitutional law, in the objective study of the functions of the Congress and the magnitude of its role in the functioning of the democratic and representative institutions of the country.

A simple man, not dominated by political purposes, I see myself now recalled from the distant provinces, for responsibility of national scope, posing the gravest challenge to my abilities, but one which I will face with decision and patriotism.

The obligation to serve, closely tied to our intellectual and cultural upbringing imposes on me the necessity of not fleeing from this summons, at a time of grave apprehension for all Brazilians. I place great importance on my appearance before this plenary. Despite the great distance which has kept me away for a long time, I have always been here, day by day, paying close attention to the discussions and the conclusions. But, above all, I have never been away from participation in its concerns and anguish, of all party groups, and from the patriotic and impersonal demand for formulas and solutions which will permit the development of the nation, the welfare and peace of people, within the objectives which protect the sovereignty and democratic vocation, and make possible, at the same time, the economic liberation of our country.

I know the representatives of the people, one by one. I know how they struggle and how they think. I read what they write and say. I examine their proclamations and researches, seeking to draw upon them for inspiration to my own conduct.

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INCOMING TELEGRAM

Department of State

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Action
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Control: 2896
Rec'd: AUGUST 3, 1962
5:08 PM

Info

FROM: RECIFE

SS

TO: Secretary of State

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NO: 56, AUGUST 2, 7 PM

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PRIORITY

ACTION DEPARTMENT 56, INFORMATION RIO DE JANEIRO PRIORITY 58.

PERNAMBUCO STATE AUTHORITIES ARE EXTREMELY CONCERNED OVER IMMINENCE POSSIBLE COUP TO TAKE OVER GOVERNMENT OF BRAZIL. SOURCES NOT REVEALED AND INFORMATION INCOMPLETE, BUT CHIEF CIVIL HOUSEHOLD EMERENCIANO, CONFIDANT AND RIGHTHAND MAN OF GOVERNOR SAMPAIO, TOLD CONGEN LAST NIGHT THEY FEAR COUP BY BOTH LEFTIST AND RIGHTIST FORCES. LEFTIST COUP WOULD COME FROM SOUTH (MEANING RIO AND POINTS SOUTH OF FORMER CAPITAL) AND WOULD BE ENGINEERED BY PRES, WITH SUPPORT OF LABOR ORGANIZATIONS. SUCH ACTION POSSIBLY INITIATED BY PRES WITH PRELIMINARY CLOSING OF CONGRESS AND POSTPONEMENT OR POSSIBLE SUSPENSION OF ELECTIONS NOW SCHEDULED FOR OCTOBER 7. RIGHTIST COUP ORGANIZED BY MILITARY TO FORESTALL FEARED LEFTIST TAKEOVER. ACCORDING TO EMERENCIANO, PRES IS IMPATIENT INSTITUTE SOCIAL REFORMS, BUT HE WOULD NOT HAVE FULL CONTROL OF FORCES HE MIGHT TURN LOOSE TO GAIN HIS ENDS, DISCRETIONARY POWERS. BECAUSE OF DIFFERENCES AND DIVISIONS AMONG MILITARY, PERNAMBUCO AUTHORITIES APPREHENSIVE IN CLASH BETWEEN LEFTIST AND RIGHTIST ELEMENTS (PRES VERSUS MILITARY) BOTH SIDES MIGHT LOSE CONTROL SITUATION, RESULTING IN CHAOTIC CONDITIONS WHICH WOULD PLAY INTO HANDS OF COMMUNISTS WHO PREPARED HELP SUBVERT SITUATION FOR TAKEOVER.

IN EVENT OUTBREAK OF REVOLUTIONARY MOVEMENT, GOVERNOR SAMPAIO READY ACT ACCORDING NATURE AND ORIENTATION OF COUP. IF RIGHTIST-MILITARY, GOVERNOR PLANS TURN OVER STATE

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-2- 56, AUGUST 2, 7 PM FROM RECIFE

GOVERNMENT TO FREE MILITARY COMMANDER (WHO PRESUMABLY WOULD STILL BE GENERAL COSTA E SILVA, CHIEF FOURTH MILITARY REGION WHOSE ANTI-COMMUNIST FEELINGS WELL KNOWN). IF COUP INITIATED BY LEFTIST, GOVERNOR PREPARED FIGHT BACK WITH ALL RESOURCES AVAILABLE TO HIM, INCLUDING PERSONAL INTERVENTION PALACE STAFF. SINCE GOVERNOR STILL INCOMPLETELY INFORMED OF NATURE AND SCOPE OF POSSIBLE RIGHTIST MILITARY MOVEMENT OR COUP, IT PLANNED THAT EMERENCIANO, FORMER STAFF COLONEL IN ARMY AND FRIEND COSTA E SILVA WILL APPROACH GENERAL FOR INDICATION NATURE PLANS, AS WELL AS TO OFFER HIM FULL SUPPORT STATE GOVERNMENT FORCES AND RESOURCES. DANGER OF SUBVERSION LEFTIST COUP REGARDED AS POTENTIALLY IMMINENT. EMERENCIANO REQUESTED CONGEN TO ADVISE HIM PROMPTLY OF ANY LEFTIST SUBVERSIVE MOVES THAT MAY COME TO HIS ATTENTION THROUGH OUR OWN SOURCES.

ABOVE REPORT SEEMS TO SUBSTANTIATE EMBASSY REPORTS FROM OTHER SOURCES, AND FORMER SAO PAULO GOVERNOR ADHEMAR DE BARROS CHARGES IN YESTERDAY'S AFTERNOON PRESS THAT COUP IS IMMINENT, AS WELL AS GOVERN (JURACY MAGALHAES AND CARLOS LACERDA IN TODAY'S PRESS TO SAME EFFECT). CONGEN RECALLS, IN THIS CONTEXT, APPARENTLY CASUAL REMARK TO HIM BY GENERAL COSTA E SILVA RECENTLY, WHEN DISCUSSING PRESIDENT KENNEDY'S SCHEDULED VISIT TO BRAZIL, THAT THERE WAS SOME QUESTION ELECTIONS WOULD BE HELD AT ALL. SINCE GENERAL KNOWN TO MEASURE HIS WORDS THIS CAN BE TAKEN AS CLEAR INDICATION OF WHAT WAS IN HIS MIND. IT IS ALSO SIGNIFICANT THAT LOCAL LEFTIST PRESS HAS BEEN STRIVING TO CREATE ATMOSPHERE FOR THE GENERAL'S RECALL, AND REPORT THAT ARRAES HAS ASKED PRES TO REMOVE HIM. THE GENERAL WAS RESPONSIBLE FOR KEEPING THE COMMUNIST AND LEFTIST, ARRAES INCLUDED, FROM EXPLOITING THE SITUATION IN RECIFE FOR THEIR OWN GAIN DURING AUGUST A YEAR AGO,

WHEN PRES QUADROS

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-3- 56, AUGUST 2, 7 PM FROM RECIFE

WHEN PRES QUADROS RESIGNATION OPENED POSSIBLE WAYS FOR AGITATION AND SUBVERSION, THE GENERAL MOVED RAPIDLY AT THAT TIME, INCARCERATED SEVERAL KEY COMMUNIST FIGURES AND PASSED THE WORD ALONG THAT HE WOULD NOT TOLERATE ANY VIOLATIONS OF LAW AND ORDER. PERNAMBUCO AND THE NORTHEAST REMAINED QUIET DURING THAT CRISIS. CONGEN WILL REPORT PROMPTLY ANY FURTHER INFORMATION OR DEVELOPMENTS.

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| NEA | CU | INR | FROM : Amembassy RIO DE JANEIRO | | | DATE: August 2, 1962 | | |
| | | 5 | SUBJECT: BRAZILIAN ELECTION HIGHLIGHTS - July 28-August 2 | | | DEPARTMENT OF STATE | | |
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The process of polarization around PTB leftist candidates on one hand and PSD-UDN candidates on the other continues. One result has been the formation of election coalitions between the UDN and the PSD, even in states such as Ceará (see below) where these parties have been traditional antagonists. With the elections only two months away state party conventions which have not yet taken place are expected soon. PSD nominating conventions are scheduled for next week in the important states of Guanabara, São Paulo, and Pernambuco, and in all three there is a real possibility that they will opt for alliance with the UDN. This could have crucial bearing on the critical gubernatorial races involving Janio Quadros and Miguel Arraes.

The "Cédula Única"

The past week saw considerable speculation that the elections might have to be postponed in order to allow time for compliance with the law promulgated on July 26 which instituted the use of the official ballot (cédula única) in the proportional elections in São Paulo and Guanabara and in the capitals of the other states. (See Weeka No. 30 of July 31). Following a round of meetings between party leaders and electoral officials the difficulties appear to have been overcome with agreement on the adoption of the "Italian" model. Unlike the other forms of ballot under consideration (some of which would have forced the voter to look through as many as 1500 names to find his candidate) this does not entail the inclusion of all the registered candidates on the printed ballot. Instead, the voter merely writes in the name of one candidate for federal deputy and one for the state assembly.

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Drafted by: R. Dean, R. Schneider, E. Walters, L. Cooley
 Contents and Classification Approved by: Robert N. Dean

Clearances:

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Airgram A-140

on a blank line provided for that purpose on the same ballot they will use to indicate their choices in the majority elections for senators, governors, and mayors and their alternates. It now appears that some 7.5 million of the 17 million registered voters will have a chance to use the official ballot this year.

Guanabara

In its effort to line up candidates who can win in October, the PTB has overloaded its Senate slate by at least one and perhaps two names and is now in the position of having to decide officially all over again who will have formal endorsement for the two available seats from Guanabara. The regional directorate had given the nod to Rêgo Monteiro and had endorsed the candidacy of the PSB's Aurelio Vianna if he should choose to run in Guanabara instead of Alagons; but now another name has been offered--Osvaldo Aranha Filho, a name well known to Guanabara voters--and the argument is hot whether or not the slate should read Vianna and Aranha on election day. In the meantime, Max da Costa Santos, whom the PSB had also offered to the PTB as a vote-drawing candidate, has indicated that he would bow out in favor of Vianna; but other indications are that the PSB just might run him separately if the PTB is unable to make up its mind. The PTB was able to decide upon the new officers of the state party, however. (See Election Highlights of July 27). Lutero Vargas was re-elected to the presidency; Sergio Magalhães received the vital first vice-presidency; Eloi Dutra became second vice-president; and State Deputy Saldanha Coelho became secretary-general.

The UDN and Carlos Lacerda are having problems of their own because Lacerda's enemies have launched an attempt to have the Governor's mandate legally cut short to this year instead of letting it run until 1965. The Guanabara Constitution originally read that the governor should be elected at the same time as the state assemblymen, and since the Supreme Court decided that the Assembly would be renewed this year, the anti-Lacerda group is proposing that the governorship should also be renewed in October. This question has now gone to the Supreme Court to be decided on its own merits. Opinion is that the move is an harassment gambit and that it will not be successful. The UDN is going ahead under the assumption that Lacerda will remain at the head of the state government and has named most of its formal candidates for the Chamber at its regional convention. The list contains no surprises--among the 17 candidates named are the incumbent UDN federal deputies and many of the strongest and most popular UDN members in the present state legislature. The UDN's endorsement of Lopo Coelho (PSD) for the Guanabara vice-governorship was not a surprise either.

The small parties in the state--the PL, PR, PTN, PRT, and MTR--are still not so concerned about the names they will present as they are about once again forming a coalition which will assure them enough votes to attain a quotient sufficient to seat one or more of their possible candidates.

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Ceará

Ceará's political composure has been shattered by a deftly organized and smoothly implemented coup that has effected a minor, but logical, political miracle. The UDN and the PSD have formed a political alliance to back the last minute candidacy of former Minister of Public Works Virgilio Távora, with the support of the PTN and Governor Parsifal Barroso, former arch-enemy of the Távora clan. To muddle the picture further, the previously UDN-nominated gubernatorial candidate, Adahil Barreto, is now heading the opposition electoral slate (as the gubernatorial candidate) as a brand new member of the PDC and in collaboration with the PTB, PSP, and PR. The UDN broke its alliance with the PTB over the naming of the candidate for the vice-governorship in the leftist slate of Adahil Barreto and Edival Távora, which the UDN convention had previously approved. Within hours of the formal rupture of the UDN-PTB accord, the UDN had joined forces with the PSD and PTN.

On the UDN-PSD-PTN slate with Virgilio Távora will be Figueiredo Corrêa (PSD), candidate for the vice-governorship, Wilson Gonçalves (PSD), candidate for the Senate, and Marcelo Sanford (PTN) and Francisco Deodato (PTN), candidates for the Federal Chamber. The apparent engineers of this deft maneuver were two ex-Ministers of Justice, Martins Rodrigues and Armando Falcão--both of the PSD, who buried their recent political differences to collaborate with the UDN in what they term the cause of anti-communism in Ceará.

Rio Grande do Sul

The PTB's second senatorial candidate, running with Mariano Beck, reportedly will be Leocádio Antunes, President of the Bank of National Economic Development (BNDE). Long a member of the Rio Grande do Sul State Directorate of the PTB, Antunes was Governor Brizzola's Secretary of Finance before being chosen by President Goulart, in September 1961, as President of the BNDE.

Espirito Santo

The normal pace of electoral politics was upset in Espirito Santo during the past week by the antics of Senator Jefferson de Aguiar, PSD. Apparently nursing a grudge since 1958, when the present PSD gubernatorial candidate Jones Neves refused to support his senatorial campaign, Aguiar stated on July 26 that he was displeased with the PSD policies and personalities in the gubernatorial race. The following day he announced his plans to be a PL candidate for the governorship himself, but by July 31, Aguiar (the Vice-Leader of the majority in the Senate) had withdrawn both his resignation from the PSD and his gubernatorial candidacy. However, he darkly noted that he would not campaign for Neves.

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Piaui

The UDN and PSD of Piaui held their state conventions simultaneously and formalized their electoral alliance (with the PSP, PDC, and PR) in opposition to the PTB machinery of former Governor Chagas Rodrigues. The UDN-PSD-et. al. slate includes: Petronio Portela (UDN) for Governor; Sigefredo Pacheco (PSD) and José Candido Ferraz (UDN) for the Senate; Joaquim Lustosa Sobrinho (UDN), Heitor Cavalcanti (UDN), Pirno Pires Ferreira (PSD), Milton Brandão (PSP), Clidenor Freitas (PTB-dissident) for the Federal Chamber.

For the Ambassador

Robert W. Dean

Robert W. Dean
First Secretary of Embassy

APPROVED BY:

Niles W. Bond
Niles W. Bond
Deputy Chief of Mission

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ORIGIN/ACTION

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DEPARTMENT OF STATE

AIRGRAM

732-11/8-262

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Priority

HANDLING INDICATOR

TO : DEPARTMENT OF STATE

Cpm

FROM : Amembassy RIO DE JANEIRO

DATE: August 2, 1962

SUBJECT: President Goulart's Pronouncements in Paraiba

REF : Recife telegram No. 51 of July 30 to Department

Attached are translations of speeches delivered on July 29, 1962 by President Joao Goulart on occasion of his recent brief visit to the northeastern state of Paraiba. The first is a complete text of the President's speech made in Joao Pessoa, Paraiba's capital city; the second is a partial text covering the substantive portion of Goulart's second speech delivered the same day in the city of Campina Grande. These translations supplement and support the brief analysis of the pronouncements contained in Recife's telegram referred to above. A translation of the speech made by Finance Minister Walter Moreira Salles at his swearing in ceremony on July 30 is also being forwarded to the Department by separate airgram (A-136).

Conciliatory in tenor and content, these pronouncements by Goulart and Moreira Salles are in a sense companion pieces; both are aimed at restoring confidence and reducing the atmosphere of suspicion, fear and tension which has followed upon the heels of the recent Cabinet crisis and President Goulart's frank recourse to communist-led labor and student groups to intimidate Congress and his political opposition. Evidently aware that he might have overplayed his hand and thus contributed to a further deterioration of economic conditions (capital flight, drop in foreign investment, business retractions) and to increased suspicion and opposition to his administration, Goulart appears to have changed his tactics, at least temporarily. Although coming down hard on agrarian reform for the benefit of his peasant league audiences on the eve of nation-wide elections, Goulart attempts in both of his speeches to place his agrarian reform within the context

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Drafted by:

Robert W. Dean

Contents and Classification Approved by:

Clearances:

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of legality and principals of Christian justice, saying "I do not defend the arbitrary law of taking land from some to hand it over to others." On the other hand, Goulart states his conviction that agrarian reform is not possible under the present Brazilian constitution, particularly the requirement that expropriation be predicated on prior payment, and therefore, the constitution must be changed. In Campina Grande the President took a swing at foreign capital, preaching the need to regulate excessive profit remittances which he referred to as a blood-letting of the Brazilian people.

In a further effort to throw oil on troubled waters War Minister Nelson de Mello, replying to a statement of concern delivered to him by a group of Brazilian leaders of national associations of commerce and industry, said that he saw no imminent danger of communism in Brazil but rather a situation where maladjusted segments of the population were being exploited by extremists. The War Minister added that "we should combat communism by destroying the weapon it is using, giving to the needy that which they require." Referring to President Goulart's speech in Joao Pessoa he said that this speech could be subscribed to by Pope John XXIII himself.

Although the conciliatory tone of these recent executive pronouncements are indicative of a change in tactics, there is no evidence that Goulart has lost sight of his ultimate objectives, i.e. a return of full presidential powers, increased control by Goulart and company over the government apparatus at all levels, including the military, and victory for his left wing (including communist) supporters in the October elections.

For the Ambassador



Robert W. Dean
First Secretary of Embassy

APPROVED BY:



Miles W. Bond
Deputy Chief of Mission

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| 22 ARA-4 | | | DEPARTMENT OF STATE <h1 style="margin: 0;">AIRGRAM</h1> | | | 732.00/8-262 KR 732.13 FOR DEPT. USE ONLY | | |
| IM/R | REP | AF | A-136 | | | CONFIDENTIAL | | |
| ARA | EUR | FE | TO : DEPARTMENT OF STATE AUG 8 1962 1962 AUG 6 PM 4 13 AUG 8 1962 | | | HANDLING INDICATOR [Handwritten initials and marks] | | |
| NEA | CU | INR | | | | | | |
| E | P | IO | FROM : AmEmbassy, RIO DE JANEIRO DATE: August 2, 1962 | | | SUBJECT: Speech of Finance Minister Moreira Salles on Taking Over the Ministry on July 30, 1962 REF : CERP D-12 and Embassy's A-94 of July 20 | | |
| L | PR | AID | | | | | | |
| AGR | COM | FRS | Finance Minister Walther Moreira Salles took over the Ministry, for the second time, on July 30, following about two weeks of hesitation. (See Embassy's A-94 of July 20). An informal translation of the speech which Moreira Salles gave on this occasion is enclosed. | | | The main points of Moreira Salles' speech and our impressions thereon may be summarized as follows: | | |
| INT | LAB | TAR | | | | | | |
| TR | KMB | AIR | 1. Moreira Salles dwelt at length on his reluctance to accept the position and made it clear that he only did so upon repeated insistence of the President. | | | 2. He finds the economic and financial situation to be extremely serious, and that if it is not to get progressively worse, quick remedial action is necessary, involving a change of mentality and consensus in the Government and among the people that these problems must be attacked in a sound manner. | | |
| ARMY | GIA | NAVY | | | | | | |
| 5 | 10 | 3 | Enclosure: Informal Translation (UNCLASSIFIED) (as stated) <i>Enc dt</i> <i>RC</i> | | | [Handwritten notes and signatures] | | |
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CONFIDENTIAL

Page 2
Airgram A-136
Rio de Janeiro

3. The first and indispensable task is to rebuild confidence and thus stimulate both domestic and foreign investors.
4. Neither the tenure of the present Cabinet nor Moreira Salles' own tenure ~~are~~ such as to permit a program of long range. Thus, immediate remedial actions are necessary. He will resign, if these are not possible.
5. Moreira Salles came out strongly for cooperation with the U. S., for fostering free enterprise and for the proposition that inflation and economic growth have no correlation and that there is no growth when there is runaway inflation.
6. Thus, Moreira Salles put his economic philosophy clearly on the record as well as otherwise defining himself as a representative of conservative, but progressive, thought in the country.
7. Moreira Salles announced that his Under-Secretary would be Miguel Calmon, PSD Deputy from Bahia and Director of the Banco Economico da Bahia. (Miguel Calmon has a good reputation as a banker and as a constructive member of Daniel Faraco's Economic Committee in the Chamber. He, however, has had no previous administrative experience in the government.)

The speech was given in the presence of a large assembly of high government officials, several Deputies, and prominent private bankers and businessmen. The speech was interrupted a number of times by applause, reaching its highest intensity at the mention of cooperation with the United States. Before the speech, messages of congratulation and support were read by representatives of the National Confederation of Industries, the National Confederation of Commerce, the Brazilian Rural Confederation and the National Confederation of Land Transport.

Mr. Moreira Salles was introduced by his Chief of Cabinet, Henrique Barbosa, who had been Acting Secretary. Mr. Barbosa mentioned that Cr\$55 billion of currency had been issued so far this year (not including Cr\$5 billion released from SUMOC vaults) and that of Cr\$25 billion issued in July, Cr\$15 billion had returned into the cash reserve of the Bank of Brazil.

There has been wide editorial mention in the press of Moreira Salles' return to the Finance Ministry. His return

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Rio de Janeiro

is strongly welcomed by most newspapers. However, many papers, particularly the more conservative ones, stress the difficulties that Moreira Salles faces. The Jornal do Comercio, which argued against Moreira Salles' acceptance, now supports his agreement to take the position, but finds a continued divergence between the philosophy of Moreira Salles, on the one hand, and that of the President and the Prime Minister, on the other.

For the Ambassador:

Ralph V. Korp
Ralph V. Korp
Financial Attaché

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A-136

INFORMAL FREE TRANSLATION
by Ralph V. Korp

SPEECH GIVEN BY FINANCE MINISTER
WALTER MOREIRA SALLES UPON ASSUMING HIS
POST ON JULY 30, 1962.

I am here assuming, for the second time, the post of Minister of Finance, at a time when my companions of the First Parliamentary Cabinet have been freed of their duties in order that most of them can run for Parliamentary Office in the next elections. I am re-assuming the responsibilities of this post at an extremely difficult hour. The economic and financial situation is even more serious than that prevailing when I first attempted to serve our country in this same position, which I believe is one of the most delicate and complex in the whole Government.

The request which has been made to me once more, shows the character of my mission. I am not a militant politician. I did not seek anything, least of all this post, when I was called to participate in the first Cabinet; and now my only aspiration was to regain my health and to fulfill a restricted but, I believe, highly important mission abroad, where I was representing Brazil at the European Common Market. This was, however, not the desire of the President of the Republic, of the Prime Minister, or of the majority of the Chamber of Deputies. The President, to whom I am bound with ties of close personal friendship, refused to yield to the considerations which I brought before him several times that this honor should be given to someone else. God knows that I am not moved by vanity when I state that my acceptance in resuming this post took place only when my resistance was overcome, President Goulart considering it an unrefusable and patriotic duty not to insist on personal reasons, however relevant, and even more relevant public reasons.

While still disagreeing with the President about my choice, I resigned myself to withdrawing the letter which I had written him explaining the weighty reasons of a refusal that was more than justified by the limitations of my capabilities and by my lack of political influence to obtain measures necessary to change the somber picture of our national realities. And so here I am, still surprised by my designation, but disposed to do everything that is in my power to undertake a rescuing operation which will already be coming at the eleventh hour, but which can still repair devastation and damage at a price, it is true, of much effort, sacrifice and devotion on the part of the people and of the Government. I shall insist that I be substituted in case it should prove impossible for me to carry out this action with efficiency.

The words which I am speaking here should not be interpreted as describing a program of long range, since the duration of the cabinet

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to which I belong, as well as my own term of office, do not permit a plan which can only be implemented over a longer period.

But remembering the proverb "the longest voyage always begins with the first step", I am encouraged to assemble the vital forces of this nation to taking, in collaboration with the Government of which I am a part, the indispensable action necessary to keep Brazil's recovery from becoming evermore distant and difficult. We cannot witness with indifference that which is taking place. The remedies for our ills can only become effective with a radical change in the mentality of all classes and all citizens. This change should be based on the desire that this country should survive and should survive as a great nation. If we are animated by this aspiration, if we are moved by this desire, everything will be possible. On the other hand, if this required change does not take place in us, if we permit that Brazil continues in instability and in fear of not knowing what will happen on the next day, it will be of no use for any Minister of Finance to expound theories of salvation to those who do not want to be saved, and to explain the rules of a game which no one proposes to play fairly.

I have no wish to exclude you. My presence here signifies a reaffirmation of the principles and a continuity of an orientation that I have always followed. The Chief of State, the Prime Minister and other elements of the highest responsibility share the same fears about the outlook of the economy and they are equally disposed to confront and to overcome the difficulties and the obstacles hampering the peace and progress of the Nation.

I continue to believe evermore firmly that, not only Brazil, but no other nation in the modern world, can live in isolation. I am pleased to find that it is also the conviction of the eminent Minister of Foreign Relations, Senator Alfonso Arinos that the most independent of foreign policies (and think it not necessary to affirm that I am in favor of a policy of independence) does not exclude, and in fact requires, collaboration with friendly nations. He includes naturally (and this is relevant to what I am talking about), the recognition of the necessity of an active and loyal collaboration with countries of the American community, principally the United States, with whom we must maintain a dialogue of frankness, of loyalty and of total dignity, which is an indispensable condition for friendship among free peoples, without excluding the size and range of economic and financial cooperation with all peoples, as long as this cooperation is motivated by a spirit of mutual respect.

I only refer to this aspect of our foreign relations to the extent that from this policy there flow consequences and effects on the economic and financial structure of the country. Since I have felt myself obliged, contrary to my habits and my temperament which is little suited to declarations of this kind, to leave aside language restricted to technical problems of economics and finances, and since I consider

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it indispensable, necessary and honest to explain my position, I wish to leave it quite clear that I share and participate in all the anguish and suffering of millions of Brazilians to whom is denied even the minimum comfort necessary to maintain human standards. I believe that an urgent improvement in the conditions of life of our population is not only an imperative of our Christian conscience, but also a requirement of national dignity.

No one can look at this drama of enumerable poverty differently, without excluding himself from the responsibilities of humanity. But what I neither find understandable nor reasonable is seeking to save anyone or to improve the inhuman conditions of the suffering population, through an impoverishment of the country, discouragement of the creative powers of private enterprise, and the driving away of national and foreign investors, thus paralyzing our development. I believe that the salvation of the Brazilians will be the more distant and impossible of attainment, the more we refuse to accept reality and to understand that Brazil must at the same time discipline and dynamize itself. I believe it indispensable to pass legislation which would regulate foreign investment, but also stimulate an increase in foreign investment in our country; I believe it equally indispensable that national capital should not be deviated from productive uses into speculation and usury. I believe that the most effective measure -- as I see it, the only really effective measure -- to prevent the diversion of investment is a return of confidence, of security and of tranquility. No measure of a fiscal or of a punitive character can be sufficient to prevent the effects of panic. We must quiet panic, drive away fears and reestablish full confidence in the future and in the peaceful functioning of our institutions. This, without doubt, is the responsibility of the politicians, but its results reflect on this Post which, more than any other, depends on external and internal credit and which responds and reacts to all political occurrences and all social disturbances.

My presence in this Ministry signifies that the Government of the Republic has chosen a man who is ready to dedicate himself to a return of self-confidence and of confidence in the formation of a climate propitious to resuming normal and progressive activities. There is no doubt that if it is not possible to achieve a general understanding about measures that are of indisputable national interest, these labors will bear no fruit.

The appointment that I have made designating Deputy Miguel Galmon du Pin e Almeida Sobrinho for the high functions of Under-Secretary of Finance, by itself reflects my interest in calling upon people of great competence to help in the urgent and immediate tasks of this Ministry. Both of us aim to undertake them with the common purpose of serving the Nation.

I wish publicly to thank his Excellency for accepting my invitation, in the name of those high objectives which both of us must serve.

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We will carry out a battle without mercy for austerity and for reducing public expenditures. Superfluous expenditures will be attacked frontally, without hesitation; meaning both internal expenditures in all sectors and expenditures which imply a waste of foreign exchange. The strengthening of the value of our money must begin modestly with strict respect by the Government in its use of public resources. Without discouraging new investments and without hampering productive and necessary work, we intend to agree with all businessmen on a program of mutual undertakings, capable of reinvigorating national finances and of stopping the acceleration of inflation.

There is in Brazil a chronic inflation, we should almost say structural inflation, to which our economic organism has become habituated. It is not enough to condemn it or to point out the harm which it has done during the entire period of the Empire and under the Republic up to the last war. The serious inflation which has gone on in the country for about two decades, and which is now accelerating, is the one that must be stopped. It is of no interest at this moment to investigate its origins or to indicate its evolution. It is sufficient that we should remember that we have not had the necessary resistance against inflationary pressures, stemming principally from what the Communists call "the demonstration effect" and which has been translated into an aspiration of the people to raise their standard of living until it would equal that of more wealthy nations. This aspiration has been reinforced by the improvement and expansion of communication among peoples. All wish to have the same level of consumption, but not all have the same capacity to produce. From this stems the urgency with which governments are requested to undertake economic activities to stimulate rapid development. The growth and diversification of the economy is thus deterred by the demand for goods and services, rather than being propelled by a supply of goods and services.

Up until very recent times, many economists watched the development of the inflationary process with tolerance, considering it inherent to the process of economic development, which process constitutes an absolute "desideratum" for under-developed countries.

Nevertheless, more recent research has shown that there is no positive correlation between inflation and development. Historical examples prove that one can find development without inflation and stagnation with it. In any case one thing is certain: There is no development when there is runaway inflation. Our problem -- the truly national problem -- consists therefore in the attainment of a double objective: Containing the expansion of inflation, or at least restraining it to tolerable levels, without diminishing the rhythm of new investments, a necessary condition for assuring economic development. It is well to remember that all of the processes of economic development by definition destroy the current economic structure.

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A country develops to the extent that it is able to form new productive combinations with the factors of production at its disposal, raising the level of its productivity. Development, therefore, generates frictions, because there is a relative inertia in the factors already employed in the techniques of production which the process makes obsolete. In a market economy it is, therefore, natural that development creates certain inflationary pressures, the movement away from factors already employed leading to an increase in cost of production due to an increase in the remuneration of these factors.

These inflationary pressures, which are latent in the process of economic development, become transformed into an open inflation when, as has happened in Brazil, the public authorities do not offer an equivalent, and difficult, resistance to the expansion of the money supply. It is the issue of paper money which turns loose the inflation, although its deep causes may be different. These monetary issues have occurred in Brazil mainly because the budgets of the Federal Government have invariably been in deficit. Since the budgetary deficits are most responsible for the inflation, this Government proposes, as one of the most important measures in a range of measures to combat inflation, to reduce these deficits as much as it is humanly possible, and even at the cost of financial and administrative difficulties, with the only caution that one should not compromise national economic development.

I am speaking to all Brazilians of good will, to all those who wish that this nation should fulfill a great destiny, to those who participate in the noble ambition that we should transform ourselves into a nation capable of giving a dignified life to all Brazilians.

With the others, it is not possible to have any kind of discussion. It is not, unhappily, therefore, to them that I direct this message of resolution and of encouragement to constructive work which is greatly needed.

It only remains for me to express my gratitude for the support, which in this hour, has been brought to us by the representatives of the organization of industry and to hope that we will not be lacking in the understanding and in the support of all well-intentioned men in carrying out our task. I have confidence in God and in his protection of Brazil.

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DEPARTMENT OF STATE
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TO : DEPARTMENT OF STATE

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BUREAU OF
INTER-AMERICAN AFFAIRS
AUG 10 1962

HANDLING INDICATOR
1962 AUG 3 1 3 42
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FROM : AMCONSUL, Belo Horizonte

DATE: August 3, 1962

SUBJECT : BRAZILIAN ELECTIONS 1962 - Supplemental Status Report No. 5
for July 26-August 1, State of Minas Gerais

REF : Consulate's Despatch No. 37, June 28, 1962

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1. Federal Deputy Tancredo Neves' Press Interview
2. Reaction of the National Democratic Union President to Governor Magalhães Pinto's Position in Favor of Plebiscite
3. Alleged Assassination Attempt Against PSD Federal Deputy .

1. Federal Deputy Tancredo Neves' Press Interview

In the course of his campaign for reelection as Federal deputy on the Social Democratic Party (PSD) ticket, former Prime Minister Tancredo NEVES gave a press interview in Belo Horizonte on July 27 in which he voiced his views on the appropriateness of a national plebiscite to determine Brazil's form of government and on the conduct of Governor MAGALHÃES PINTO's Administration. On the plebiscite question, he stated that he had previously expressed himself contrary to a plebiscite on the grounds that it was of secondary importance for the country's welfare and that it might become a cause of unrest. "The delegation of powers," he went on to say in reference to the role

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Drafted by: EadaSilveira:skf 8/3/1962

Contents and Classification Approved by:

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From: Belo Horizonte

of Congress in giving the Executive requested authorization, "is the most appropriate instrument to promote efficiency in the parliamentary system of government."

He realized, however, that recent political developments were reflecting a rising desire on the part of important segments of public opinion for the holding of a plebiscite. He mentioned as exponents of this view a portion of the national press, some groups in Congress, the declarations of virtually all state governors, and a recent statement by Prime Minister EROCCHADO DA ROCHA. Deputy Tancredo Neves concluded, therefore, that not to hold a plebiscite might cause a nationwide emotional shock more serious in its consequences than if a plebiscite were held. He maintained, however, that only the National Congress could make a decision on whether or not a plebiscite should be held and that whatever the decision it had to be respected. As if these statements on both sides of the fence were not enough to confuse his audience on his actual position, he added that if the parliamentary form of government was to prevail it could not retain its present structure, which had shown its divorce from socio-economic realities.

Deputy Tancredo Neves' comments on the Magalhães Pinto Administration were of interest mainly for showing that the current campaign has done nothing to decrease his dislike for the Governor. In connection with new stories of political violence against PSD candidates in the interior of the State (see item 3, below), he charged the State Administration with a partisan attitude that resulted in a climate of unrest and insecurity throughout the State. As a consequence of "the authorities' indifference if not outright encouragement," he stressed, "the most elementary rights of the citizenry are being debased in a series of violent incidents that range from the unpunished murder of deputies to the wholesale discharge of all government employees who dare to differ with the political thinking" of the Administration. To make his feelings absolutely clear, he attributed Governor Magalhães Pinto's hostility toward the Tancredo Neves Cabinet to the "rudimentary and partisan nature of the Governor's political objectives."

Comment: Deputy Tancredo Neves' ambivalent views on the desirability of a plebiscite on the form of government may be attributed in large part to his changed position from prime minister to that of deputy and to Senator Kubitschek's predominant influence in the PSD campaign. As a prime minister and one of the founders of the parliamentary form of government in Brazil to solve a serious political crisis, Tancredo Neves had a definite stake in the preservation of that system and could only speak and act in its support. As a deputy, he has still a stake in the parliamentary system, but Kubitschek's strong presidentialist views and leadership in the PSD combine with the fact that the PSD is in the opposition to make somewhat awkward straightforward advocacy of parliamentarianism by a PSD candidate. Torn between opposite poles, Tancredo Neves has opted for a nebulous "middle-of-the-road" position.

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From: Belo Horizonte

2. Reaction of the National Democratic Union
President to Governor Magalhães Pinto's
Position in Favor of a Plebiscite.

The national president of the National Democratic Union (UDN), Federal deputy Herbert LEVY, stopped for a few hours in Belo Horizonte on August 1 to meet with Federal deputy Pedro ALEIXO and Senator Milton CAMPOS, members of the UDN delegation for Minas Gerais in the National Congress. Although there is no information on what was discussed between them, Herbert Levy made some interesting comments to the press to the effect that Governor Magalhães Pinto's decision to consult the Supreme Electoral Tribunal on the question of holding a national plebiscite on the form of government was not only made without prior consultation with the UDN but was actually contrary to the UDN position.

Deputy Levy explained that President GOULART's desire to reestablish presidentialism after having agreed to the present parliamentary regime was commonly known. Despite this fact, he said, the Governor had gone ahead and acted in a manner that negated the clearly defined position of the UDN against a plebiscite at this time. In reply to a question whether deputy Levy agreed with Guanabara Governor LACERDA's violent criticism of Governor Magalhães Pinto's action, Levy said that Governor Lacerda had never been more right in his entire political career than when he had made that criticism.

Comment: The words of the UDN president add to the evidence that Governor Magalhães Pinto continues to antagonize and increase his isolation from his own party. Although Senator Milton Campos and Federal deputy Pedro Aleixo have been the most outspoken among State UDN leaders against the Governor's position, they are not by any means the only ones. The consensus in political quarters is that the Governor is, in fact, now closer to the Labor Party (PTB) than to his own Party, a view that is corroborated by the Governor's frequent meetings with President Goulart and support of the President's view on presidential powers.

3. Alleged Assassination Attempt Against PSD
Federal Deputy

The State section of the PSD has again officially charged the Magalhães Pinto Administration with the responsibility for the absence of security measures to safeguard the lives of political opponents campaigning in the interior of the State. The charge was made in a Party note of July 27, drafted by Senators Juscelino Kubitschek and Benedito Valadares and Federal deputy Tanaredo Neves. The cause of this latest charge against the Administration for condoning acts of violence against its opponents in the electoral campaign stemmed from an alleged attempt to assassinate PSD federal deputy Carlos Murilo Felício dos SANTOS while he was campaigning in his home district of Diamantina in the northern part of Minas Gerais. The Administration naturally denied the charges and

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From: Belo Horizonte

maintained the position that not only was the small number of incidents listed in the PSD note testimony to the fact that general order prevailed but that even the few cases listed were either a figment of the imagination or had other causes than those claimed.

Comment: The reporting officer was in Diamantina at the time of the incident against Federal deputy Carlos Murilo. A candidate for State deputy on the PFB ticket, Dr. Francis CAMPOS, from the Diamantina district, gave the reporting officer a different version of the incident which is related here more because it may be truer in spirit if not in fact. PSD Federal deputy Carlos Murilo, so the story goes, had promised in the previous electoral campaign electric light and running water for a small town in the Diamantina district in exchange for the votes of the total 800 registered voters in that town. Since the promise was glittering and the 800 voters were all PSD members, the candidate had no difficulty in getting all their votes. He did not however, fulfill his promise, and on his return to the town on July 25 in the course of his campaign for reelection, he encountered a justified coolness on the part of the town's population. The mayor, a member of the candidate's party and a former supporter, lent his home to the candidate to be used as campaign headquarters but abandoned town for the duration of the candidate's stay.

When the candidate arrived, he was met by the populace holding 800 lighted candles and a few cans of water as symbolic of unfulfilled promises. After this fiasco, the candidate left the town at night by car. He found the road obstructed by empty cans which he and his companion had to remove in order to pass. Out of the darkness of the night came voices saying that the people did not need electric lights since they had candles, nor did they need running water since they had cans in which to carry it. The voices were not all; and here and there a few actual shots were fired to scare the candidate. According to the story teller, such was the substance of the attempted assassination.

Edmund A. da Silveira
Edmund A. da Silveira,
American Consul

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Control: 2414

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Rec'd: August 3, 1962
9:09 a.m.

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FROM: Salvador

(RMR)

TO: Secretary of State

NO: 3, August 3

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Political reports to Department 24 despatches, 0 airgrams,
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FROM: Rio de Janeiro

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TO: Secretary of State

NO: 295, August 4, 9 p.m.

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ACTION DEPARTMENT 295, INFORMATION RECIFE 32

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While rumors of impending coups from both right and left continue circulate in country, while there certainly are extremist groups on both sides advocating such action, and while no possibility can be wholly discounted under present fluid conditions, we doubt that concern expressed by Pernambuco authorities reflects anything more specific than general apprehension over situation which everyone realizes is fraught with dangerous possibilities.

Atmosphere of crisis has abated somewhat Rio-Brasilia as result conciliatory tone recent pronouncements by President in northeast, Finance Minister Moreira Salles and War Minister Nelson de Mello. However, Goulart continues jockeying to improve strength, particularly in military, and Prime Minister's plan request special powers next week will probably cause new tensions. Labor unions again discussing general strike, with one source reporting possible attempt food riots in Guanabara directed against Governor Lacerda.

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FROM: Rio de Janeiro
TO: Secretary of State
NO: 297, August 4, 11 p.m.

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Herewith highlights two-hour political conversation night August 3rd involving Kubitschek, Sette Camara, Moreira Salles, Roberto Marinho (publisher O GLOBO) and Ambassador Schmidt.

All participants in extremely disturbed mood. Kubitschek reports recent talk War Minister Nelson de Mello shows Minister adopting Brochado thesis that both Cabinet and parliamentary regime legal but not legitimate, on ground parliamentary amendment did not reflect popular will and never confirmed by people. Hence supporting early plebiscite, but if Congress refuses, tending support assumption greater powers by Goulart on ground Chief of State embodies legitimacy. Kubitschek himself strongly favors restoration presidentialism, still believing Goulart would act more responsibly with more power. Schmidt considers more power for Goulart equivalent surrender to Communists, unless price exacted in form major purge President's left-wing associates. Sette Camara, about to leave Brasilia prefecture to run as PSD deputy for Guanabara, convinced Congress next week will certainly not vote plebiscite, which requires two-thirds full membership both houses, and also most unlikely vote delegation powers which requires absolute majority. Moreira Salles not entirely pessimistic idea Goulart acting more responsibly with greater power but worried at Goulart's absolute ignorance economic problems and total preoccupation maneuvering for power.

Agreement only on impossibility maintenance present situation with hopeless foreign exchange situation and increasing inflation. Group may have been inhibited by my presence in talking of ways and was continuing discussion after my departure. Schmidt gave impression

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22 297, August 4, 11 p.m., from Rio de Janeiro

impression of worried thoughtful men close to center of events trapped in squirrel cage. Some thought crisis might be precipitated rapidly by Brochado resignation in face congressional refusal grant powers, although majority not so believing. Violence mentioned frequently, although always reluctantly. Firmest view expressed by Sette Camara that new Congress would have fresh popular mandate and should be able to establish strong parliamentary regime, but even he conceded this difficult with President fighting regime. No concessions at all on how Goulart would use greater power if secured, although Peronist model accepted as plausible.

As things now developing, I see increasing likelihood Goulart may call for plebiscite October 7 without congressional sanction. If Congress then opposes, acute crisis could be precipitated in this way.

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12:36 p.m.

FROM: Recife

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TO: Secretary of State

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NO: 59, August 4, 7 p.m.

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ACTION DEPARTMENT 59, INFORMATION RIO DE JANEIRO 62.

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UDN-PSD, represented by Cid Sampaio, et Elvin Lins, Joa Cleofas and Jose Neves, have been negotiating steadily for last several days seeking reach accord. Jose Neves privately informed me today virtual agreement reached for PSD support Cleofas for Governor, Neves having given up Senatorial spot and refused vice-Governorship, which still to be decided, Neves being prevailed upon serve as coordinator, despite his reluctance and disappointment. Obviously PSD exacting full pound flesh in return support of Cleofas. Latest confidential poll made for Governor in Recife said to show considerable improvement Cleofas position which now 36 percent for him, against 53 percent Arraes and 10 percent Monteiro. This contrast with previous 12 percent Cleofas 70 percent Arraes. Government forces increasingly confident victory while Arraes supporters not so confident as before they can win in Recife by sufficient margin. Efforts Arraes in interior not very successful, and reportedly he cancelled rallies in two separate towns for lack popular response. Monteiro's efforts appear relatively fruitless and if PSD announces for Cleofas expected he will not last.

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FROM: Rio de Janeiro
TO: Secretary of State
NO: 298, August 4, 11 p.m.

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WASHINGTON PERSONAL FOR MARTIN
BOGOTA FOR ASSISTANT SECRETARY MARTIN

Several conversations since my return persuade me extremely desirable you visit Brazil next week, if at all possible. Kubitschek last night indicated strong desire discuss AFP political development with you. Foreign Minister Arinos did likewise. Firsthand discussion local political developments and strategy also potentially highest importance.

GORDON

DLW

110.15-MA/S-462
KR 732.00

Approved by RM/R

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| NEA | CU | INR | TO DEPARTMENT OF STATE | | | ANALYSIS & DISTRIBUTION BRANCH | | |
| E | P | IG | FROM Amconsul, BELEM, PARA | | | DATE: August 6, 1962 | | |
| L | FBO | AID | SUBJECT: Brazilian Elections 1962; Report No. 7 (July 21 to August 4) | | | DEPARTMENT OF STATE BUREAU OF INTELLIGENCE AFFAIRS AUG 06 1962 <i>file of wu 8/6/62</i> | | |
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| OSD | USIA | NSA | <i>Maranhão</i> | | | | | |
| 12 | 8 | 3 | <i>Salvador, Bahia-1</i> | | | | | |

Political activity in this consular district has been comparatively quiet during this period. Meetings of the various parties are now going on in the state of Maranhão. A split has developed in the PTB in Maranhão. The cause of the split was dissatisfaction with the president of the PTB, José Brito FREIRE Sobrinho. It was believed that his political thinking was influenced by his uncle, Senator Vitorino FREIRE. Twenty-five members out of forty-one voted for the dissolution of the executive board.

On August 4, 1962, the Consul was informed by Vitorino Freire that an agreement had been reached with the PTB under which the PSD would back one PTB candidate for federal deputy. The candidate to be backed will be José Brito Freire Sobrinho. Prior to this agreement he was the PTB candidate for federal deputy, and few felt that he had much of a chance to be elected. However, now with the backing of the PSD, which has a well-organized political machine in Maranhão, his chances of being elected are greatly improved.

Amazonas

The major political battle in Amazonas, that for the governorship, is now taking shape. Paulo NERY is taking all steps possible to assure that the elections will be conducted honestly and that his interests will be protected. He reportedly has received substantial financial support from the area's wealthy industrialist, I. B. Sabbá. It is reported that Sabbá has contributed sixty million cruzeiros to Nery's campaign. Sabbá, a long-time enemy of Plínio COELHO, is most anxious to have Nery elected.

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Belém A-12

Pará

In general, there has been little political activity in Pará during this period. The conventions of the PSD, the UDN, the PTB, and the PL are being held, and it is felt that not until these are over will activity recommence.

Edward J. Holway, Jr.
Edward J. Holway, Jr.
American Consul

cc: Amembassy, Rio de Janeiro
Amembassy, Brasilia Office

Department please pass to all posts in Brazil.

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Aug. 6, 1962
Despatch 13
AmConsulate Curitiba

So much so, that he was invited to attend the recent UNE Congress in Quitandinha. He stated that he has personal knowledge of the fact that Brizzola and the Secretary of Education each contributed 5 million cruzeiros and PETROBRAS 3 million cruzeiros to help meet the expenses of the congress. He believes that Brizzola's intention was to use the meeting he addressed to gain political stature whereas the reason for PETROBRAS' contribution was not clear but could perhaps be attributed to the president of that organization who is a leftist. He stated that he found no evidence of any foreign financial assistance. Father Alberton countered with the comment that even though there was no overt money from abroad that did not by any means rule out that such money could have come through any one of the three contributors.

Father Gustavo said that in Quitandinha, the democratic forces were victorious since they elected half of the ten members of the new UNE administration. Last year eight were communists. He took some credit for this victory claiming that he had subtly worked against the communists during the Congress. He said that the communists before the election suddenly switched their support from Jose Cesar Giovannetti, President of the Parana UPE, to a declared communist but this manoeuvre was not successful and Giovannetti was elected 5th Vice President of UNE. He said that Giovannetti assuredly is not a communist since he knows him very well and takes his confession.

Father Gustavo took much of the credit for the non-aggressiveness of the university student strike in Curitiba and reiterated his support of the student claims. He claimed that a majority of the students are in favor of the strike and cited the results of recent elections. These statistics were questioned by Fathers Alberton and Flech as being inaccurate and as not representing student feeling since only part of the students voted. They recommended a secret ballot vote by all the students as a true test of support for the strike and university reform. Fathers Alberton and Flech strongly attacked him on the proposal of increasing student representation in university administration. They claimed that this would be the beginning of the end for the universities in Brazil since the students could then, under the influence of extremists, undermine the institutions and eliminate democratic elements, as was done in Cuba and elsewhere. Their discussion became quite heated but neither side seemed able to convince the other.

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DEPARTMENT OF STATE
AIRGRAM

732.00/8-662

A-139 **CONFIDENTIAL** PRIORITY HANDLING INDICATOR

TO : DEPARTMENT OF STATE 1962 AUG 10 PM 4 10
 FROM : Amembassy RIO DE JANEIRO
 SUBJECT : Brazilian Elections 1962: Report No. 22. Brazilian Military Elects Non-Political Role for Clube Militar
 REF : Despatch 765; Weekas 20, 21, 22; Embtelas 2878, 2879, 2880, 2881, 2882, 2883, 2884, 2885, 2886, 2887, 2888, 2889, 2890, 2891, 2892, 2893, 2894, 2895, 2896, 2897, 2898, 2899, 2900, 2901, 2902, 2903, 2904, 2905, 2906, 2907, 2908, 2909, 2910, 2911, 2912, 2913, 2914, 2915, 2916, 2917, 2918, 2919, 2920, 2921, 2922, 2923, 2924, 2925, 2926, 2927, 2928, 2929, 2930, 2931, 2932, 2933, 2934, 2935, 2936, 2937, 2938, 2939, 2940, 2941, 2942, 2943, 2944, 2945, 2946, 2947, 2948, 2949, 2950, 2951, 2952, 2953, 2954, 2955, 2956, 2957, 2958, 2959, 2960, 2961, 2962, 2963, 2964, 2965, 2966, 2967, 2968, 2969, 2970, 2971, 2972, 2973, 2974, 2975, 2976, 2977, 2978, 2979, 2980, 2981, 2982, 2983, 2984, 2985, 2986, 2987, 2988, 2989, 2990, 2991, 2992, 2993, 2994, 2995, 2996, 2997, 2998, 2999, 3000

ANALYSIS & DISTRIBUTION BRANCH
 DATE: August 6, 1962
no action
8/10/62 J.W. Williams

DEPT. OF STATE
 BUREAU OF
 FOREIGN AFFAIRS
 AUG 13 1962

SUMMARY

Although theoretically a social organization, Brazil's Military Club on occasion of its biennial elections of officers has often provided an indication of political trends and key issues on the Brazilian national scene. This year's elections were no exception, despite a major effort by the War Minister to avert a clear-cut fight on the issue of Communist infiltration. Final balloting at Rio May 16 threw the elections to General Augusto Magessi, thus laying to rest fears of a revived political role for the club under a militant, leftist, ultra-nationalist leadership. Magessi's opponent, General Peri Bevilacqua, had campaigned for reactivation of the club as a forum for political discussion. A Bevilacqua victory would inevitably have meant increased anti-American, ultra-nationalist, and leftist military pressure on the government. Magessi's victory may also be interpreted as a vote of confidence for then-Minister of War Segadas Viana, who favored his candidacy. This in turn contributed to the selection of another moderate military figure, General Nelson de Melo, as War Minister in the recent cabinet shakeup. In spite of charges of fraud, General Magessi took office on June 26 in an atmosphere of relative normality.

History of Military Club Role in Politics

Political observers watched the election closely, since it has traditionally been considered a barometer of Brazilian military opinion. The 30,000 member Clube Militar has played a significant role on the political scene ever since 1886, when it

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refused to agree that the job of running down escaped slaves was a fit task for the armed forces.* In more recent times, it was instrumental in the establishment of the state petroleum company, Petrobras.

For over a decade the divisions within the military have been high-lighted in the biennial Military Club elections. The victory of the far-leftist General Estillac Leal in 1950 led to the formation of the Cruzada Democrática, whose candidate ousted the pro-Communist incumbent by some 2000 votes in the 1952 election. Two years later the anti-Communists increased their margin of victory to 4000 votes. Largely responsible for the removal of Vargas as President in August 1954, these elements occupied key command positions under the provisional government. Their opposition to letting Juscelino Kubitschek and João Goulart take office following the national elections of October 1955 gave rise to the so-called "Counter-Coup" of November 11. The "legalists" headed by General Henrique Teixeira Lott as War Minister and General Odylio Denys as Commander of the First Army removed the Cruzada leaders from positions of influence. As a result, the CD lost the 1956 Military Club election by 60 votes.

From 1956 on, the more leftist, so-called "November 11" group consolidated its hold on the Club and on key positions in the command structure. In 1958 its candidate, General Justino Alves Bastos, won by a very comfortable margin of 1200 votes. As a result, in 1960 the Cruzada fought for the institution of the secret ballot, arguing that without it officers were afraid to vote against the "official" candidate backed by the War Minister. When their demand was rejected, Cruzada leaders called for a boycott. Some 9050 votes were cast for the incumbent slate (up 750 from 1958), so the boycott was largely successful (a total of over 15,000 votes had been cast in the contested 1958 election).

During his short term as President of Brazil, Jânio Quadros moved to neutralize the armed forces, appointing General Alves Bastos Ambassador to Portugal and transferring other Military Club officers out of Rio de Janeiro. The Administrative Council of the organization then chose General Paulo Torres to serve until the 1962 elections. War Minister Denys, intent upon "pacification" of the Army, gave Torres express orders to transform the Club into a strictly social, fraternal, and recreational entity. Under these circumstances the Clube Militar played no significant role in the events following Quadros' sudden resignation in August 1961.

The 1962 Campaign

The crisis of last August-September and subsequent developments have deepened and widened divisions within the Brazilian armed forces, with the nationalist-"legalist" elements having gained strength and assumed a more active role in support of like-minded civilian political groups. In their bid to win control of the Military Club, these elements united behind the candidacy of General Pery Constant Bevilacqua, who was one of the first high-ranking military figures to

* An article in the May 19 issue of the weekly magazine Mundo Ilustrado gives a chronology of such events and a straight-forward, but relatively superficial account of the 1962 campaign.

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come out for Goulart's unconditional and immediate accession to the presidency in August of last year and who had clearly aligned himself with Rio Grande do Sul Governor Leonel Brizzola, one of the prime movers of the extreme left political forces in Brazil.* (In March 1962 he sent Brizzola an open letter extolling the latter's expropriation of the foreign-owned Porto Alegre telephone company. See Rio Despatch 765.)

Prior to 1961, General Beviláqua had been identified with the Cruzada Democrática, and he insisted upon putting some of the more nationalist CD figures on his Chapa União or "Union Slate," thus enhancing his chances of being the only candidate (as had happened in 1960). None of the more extreme elements surrounding him were included on the ticket, in order to give as little basis as possible for charges of Communist infiltration. The Chapa União's program, as formally expressed in a preballoting circular, featured the intention of opening the Military Club to "discussion of Brazilian problems, espousing the nationalist principles already sanctified by our people...." Beviláqua elaborated his thesis many times in public statements and press interviews. Thus: "We desire to restore the tradition of debate, constant and active participation in the examination of the great problems of the nation.... Our club...is not a military organization but a civil entity.... Forbidden to discuss national problems, we / military men/ are in a position of inferiority relative...to others" "Politics," in his view, "are too important to be left to politicians."

In the face of Beviláqua's early and determined candidacy, the Cruzada forces--reportedly led by retired Marshals Odylio Denys and Mendes de Moraes--attempted to come up with a viable candidate and to put the campaign squarely on the issue of Communist infiltration. However, the War Minister, General João Segadas Viana, whose goal was pacification of the armed forces, opposed this strategy, although he strongly desired to defeat Beviláqua. Instead, he put forth General Augusto da Cunha Magessi Pereira on a "non-political" platform. Stymied by this lack of support from the War Minister, the Cruzada withdrew from the race over the same ostensible issue as in 1960--the failure to adopt the secret ballot.

The Cruzada's manifesto, however, made transparent their preference for Magessi and his program against Beviláqua. One part stated: "It is fitting to emphasize, among these principles / adopted by the Cruzada /, those which condemn declarations by military personnel on subjects not within their area of competence...made via the Military Club, using it as a rostrum from which to agitate the people and undermine the unity of the armed forces."

As candidate of the so-called Chapa Branca or "White Slate," Magessi followed the War Minister's desires and put on record his aim of maintaining the Club's recent isolation from politics. In a manifesto released on April 10, Magessi reiterated his opposition to "manifestations of a partisan political nature or proposals alien to the aims of the Club." Thus the issue was clearly drawn--whether the Club would play an active or passive role with respect to national and class problems.

* For biographies of Beviláqua and Magessi as well as a number of other officers involved in these developments see Army Attaché Report R-161-62 of June 20, 1962.

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When the votes from the interior began to flow into Rio de Janeiro, it became obvious that the leftist-nationalist elements backing Bevilaqua had carried out a very active campaign. In spite of the pro-MageSSI position of its Commander, General Nestor Penha Brasil (since reassigned) the Third Army (Brazil's largest) voted overwhelmingly for its favorite son, General Bevilaqua. The Second Army, commanded by centrist-inclined General Nelson de Mello (now War Minister), split evenly, while the Fourth Army in the troubled Northeast gave a plurality to MageSSI. With only the First Army, based chiefly in and around Rio de Janeiro, left to vote, Bevilaqua seemed to have a definite lead, although MageSSI was doing well among the much smaller Air Force and Navy electorates.

This situation caused serious concern within moderate and conservative military and political circles. Leftist-ultranationalist General Osmino Alves already commanded the First Army, and if Bevilaqua won, tradition dictated that he would be transferred to command the First Military Region with its headquarters also in Rio de Janeiro. Moreover, their old political mentor, Leonel Brizzola was expected to move his base of political operations to Rio and campaign for election to Congress from Guanabara. During this period (early and mid-May) there was also a sharp increase in the number of rumors predicting replacement of the military ministers and wholesale transfer of key commanding officers. At the same time, military leaders and newspapers of various persuasions exchanged shrill charges of impending coups by the left and by the right. (Weekas 20, 21, 22; Embtel 2878).

MageSSI supporters placed their hopes on the massive Rio vote^s overcoming Bevilaqua's lead. Prospects were not bright, however, because of reported apathy among the rank-and-file of the Club membership. Moreover, though observers agreed that a large majority of the active military officer corps does not share Bevilaqua's sentiments, the Club includes retired officers, a substantial segment of whom are former non-coms who received reserve commissions on retirement. A greater proportion of these could be expected to be sympathetic to Bevilaqua's views.

Thus, tension increased as the vote tally progressed. When the final results were announced as 5432 for MageSSI and 4778 for Bevilaqua, the nationalist-legalists charged fraud and undue pressure from the War Minister.*

Indeed, the Bevilaqua forces may have had some cause for their cries of anguish. Certainly there is room for doubt as to the absolute impartiality of the vote counting. Only one of the five members of the scrutinizing commission was a Bevilaqua partisan--a majority were drawn from the Cruzada ranks as the element least involved in the contest. Moreover, the incumbent Secretary General of the Club was a candidate for re-election on the MageSSI slate. After MageSSI's

* A list of the candidates on the slates is attached as Enclosure No. 1.

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victory was announced, all but 168 "disputed" ballots were burned (in keeping with the organization's by-laws) in spite of a court order to the contrary. Bevilacqua finally returned to Rio Grande do Sul, and Magessi was sworn in as President for a two-year term beginning June 26, 1962.

Implications and Outlook

It is possible that General Magessi will be able to keep the Club functioning as an apolitical, social organization over the next two years in which case future elections will not be a useful guide to the military's thinking. (Roughly two-thirds of its membership failed to vote this time, and not since 1958 has a majority voted.) But the task will not be easy. As this election showed, there is a strong current on each side of the political fence which wishes to bring the Club into the political arena. With the expected continued growth of the leftist-nationalist elements in the armed forces, the military is likely to become more, rather than less political and to give greater attention to national problems. Thus the Clube Militar may well revert to its traditional passion for politics, and continue to be an indicator of some of the issues which tend to divide the military.

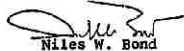
Enclosure: *att*
As stated

For the Ambassador:



Frank Micelotta
Third Secretary of Embassy

APPROVED:



Niles W. Bond
Deputy Chief of Mission

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Encl. 1
AIRGRAM 435

Slates for Military Club Elections: 1962-64

| | | |
|------------------------|--------------------------------------|---------------------------------------|
| President | Gen. Augusto Magessi Pereira | Gen. Pery Constant Bevilacqua |
| 1st Vice President | Gen. Armando Noronha | Gen. Silvino Castor da Nobrega |
| 2nd Vice President | Gen. Atila José Barroso | Gen. Lauro Rebello Ferreira da Silva |
| Secretary | Maj. Americo Gomes de Barros Filho | Col. Creso Montinho da Costa |
| Treasurer | Capt. Armando Soares Guimarães | Maj. Eduardo Nobrega |
| Dir. Cultural Dept. | Gen. Jaime Ribeiro Graça | Gen. Newton Lisboa Lemos |
| Dir. Rec. Dept. | Capt. Gonzaga Regino | Capt. Ivan Cavalcanti Proença |
| Dir. Interior Dept. | Col. João Lindolfo da Costa | Col. Edvaldo de Lima Pedrosa |
| Dir. Cooperative Dept. | Gen. Renato Augusto Moxic Aragão | Gen. Reginaldo de Menezes Hunter |
| Dir. Sports Dept. | Lt. João Carlos de Siqueira Amazonas | Capt. Fernando de Albuquerque Menezes |

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SUBJECT: Weekly Summary No. 6

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DEPARTMENT OF STATE
BUREAU OF INTER-AMERICAN AFFAIRS
AUG 15 1962
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2. Tramways Withdraws Request for Restraining Order

PSYCHOLOGICAL

POLITICAL

1. Political Campaign Developments

PERNAMBUCO

A month ago considered a has-been, two weeks ago regarded a sure loss, JOAO GLEOFAS this week was being hailed far and wide as the next Governor of Pernambuco.

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PORTO ALEGRE
CURITIBA
BELO HORIZONTE

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For no precise reason, Cleofas has suddenly captured the psychological advantage from MIGUEL ARRAES. Cleofas partisans are now supremely confident of victory in October and most neutral observers agree that Cleofas has surged far ahead in the gubernatorial race while Arraes, of a sudden, has started to straggle behind.

If there is any one reason for this sudden switch of positions, it probably lies in the rumored, yet-to-be-announced agreement between the UDN and the PSD, traditionally the two strongest parties in Pernambuco, and certainly the parties controlling the vote in the state's interior. Although all details remain to be worked out, it is generally believed that the two parties have now agreed to strike an alliance for the election based on Cleofas' candidacy for the governorship. This will leave Arraes with the PTB, the PSB, and the PST, no one of which has a history of political strength in the state. So worried was the Arraes camp over the effect of a PSD-UDN coalition, that the PTB reversed its decision of a few weeks back and belatedly offered the PSD the vice-gubernatorial candidacy as well as a shared slate of candidates for state and federal deputyships. Recent state and national developments, however, have apparently convinced the PSD that the UDN bed is now the warmer and more comfortable to share, so the PTB offer is not likely to be accepted.

Arraes' sudden slip from the lead position in the race may be behind a rumored falling-out he has had with JOSE ERMIRIO de MORAIS, wealthy PTB candidate for Senator and reportedly one of the principal sources of funds for Arraes' Campaign. It is rumored that, much to Arraes' displeasure, Ermirio de Moraes has reneged on promises to spend upwards to \$GR 150 million on the campaign, proposing instead the relatively modest (for him) sum of \$GR 60 million. The squabble between the two has not assumed major proportions as yet, and conciliation is likely, but for the time being, Arraes makes little reference to Ermirio de Moraes in his campaign speeches and Ermirio de Moraes' loudspeaker trucks no longer carry the picture placards of Arraes. (LIMITED OFFICIAL USE)

CEARA

In Ceara, UDN withdrew at the last moment from the multi-party pact to support nationalist ADAHIL BARRETO and, instead, with the PSD and PTN (party of Governor PARSIFAL BARROSO), entered into an electoral coalition under the terms of which the three parties

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will support veteran political boss and the state UDN leader and former Minister of Public Works VIRGILIO TAVORA for the governorship. Reportedly the PSD and the PTN will be allowed to name the senatorial and vice-gubernatorial candidates. The coalition is one more instance of the UDN and the PSD collaborating on the state level to combat the PTE.

but UDN PTE on together in Bahia!

2. Rebellion Rises in Student Ranks as Strike Nears End

Facing a growing rebellion in the ranks of university students, officers of the Pernambuco Students Union (UEP) seemed relieved this week to note that the two-month old strike was about to be ended. The rebellion was organized and managed by a newly-formed Movement of University Emancipation which reportedly was formed with church backing to challenge the present extreme leftist leadership of the UEP. The Movement apparently acted in concert with similar organizations in other parts of the country.

While UEP officials attempted to cajole, persuade, and threaten students to "preserve class unity for these last few days of the strike" the Movement had noteworthy success in convincing philosophy majors at both the University of Recife and the Catholic University to return to classes and to take exams, which had not been completed in June because of the strike. The Movement was less successful immediately in other schools of the universities, but there was enough evidence of widespread student dissatisfaction over the prolonged strike to cause UEP leaders to hope that the strike could be terminated before the rebellion grew into general revolt.

In Fortaleza also students started to return to classes and to take exams, even though the strike was not ended, and in defiance of orders by student leaders. Returning students in Fortaleza were given moral support to defy student leaders by the presence at the university of army troops who had moved in the week before to prevent an outbreak of violence. (See Weekly Summary No. 5) (OFFICIAL USE ONLY)

3. Suez Battalion Stops in Recife

The battalion of Army troops on its way to the Mid East for a stint of U. N. guard duty at Gaza stopped in Recife on July 31 to pay a farewell visit to 4th Army commanders and other local civilian and military authorities, the Suez Battalion" departed on the long cruise to the other side of the world. (UNCLASSIFIED)

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Amconsul RECIFE

ECONOMIC

1. SUDENE Deliberative Council Meets

At the August 1 meeting of the SUDENE Deliberative Council the revised second phase of the SUDENE Master Plan was presented to the Council members for their consideration and approval. It will then be submitted to the Council of Ministers and to the Congress. (UNCLASSIFIED)

2. Tramways Withdraws Request for Restraining Order

Pernambuco Tramways this week withdrew its petition to the federal court for a restraining order against the State Government. The withdrawal was reportedly asked for in view of the fact that the federal court -- rather than the State Government -- has already assumed temporary custody of the company's assets, thus rendering the restraining order unnecessary. (UNCLASSIFIED)

PSYCHOLOGICAL

Wire service reports on the national political situation appearing in the local press maintained Recife close to a state of expectant tension this week. For three days running headline upon headline implied the imminence of a coup d'etat, and one day's press alone published three separate declarations (by ADEMAR de BARROS, JURACY MAGALHÃES, and CARLOS LACERDA) that the nation was in a new political crisis which could result in an attempted golpe. Reports of this type encouraged the growth of already-widespread expectations of a serious political crisis in August which are engendered by a popular belief that August is a bad-omened month in Brazilian politics.

Most important international news items of the week by Recife standards were: 1) developments in Algeria, 2) political asylum for ex-President of Peru MANUEL PRADO, and 3) the flurry in the United States over the banned-drug Thalidomide. The last of these was accorded by far the most space by Recife's always-sensationalist press, and aroused loud demands by vote-conscious politicians for an investigation of Recife's drug markets. Cuban denunciation of the United States over U. S. naval patrols along the Cuban coast was mentioned only by leftist Ultima Hora, which accorded the report scant attention.

08 10

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Page 5
No. A-14
Amconsul RECIFE

Local political events took up a good part of the press coverage during the week, much speculation being expressed on possible alignments of the major parties. The O Globo article reproducing a letter purportedly written by a Communist leader and implicating Arraes and an unnamed Embassy, reproduced by the local papers as a paid advertisement, caused considerable stir.

Which way the force of the PSD would go was the great question of the moment, and there was great expectation hinging on the party's convention, scheduled for Monday and Tuesday, which would determine what support they would give Cleofas or Arraes, although speculation strongly favored the former.

Eugene Delgado-Arias
Eugene Delgado-Arias
American Consul General

Contributors:

LCKilday
WSSmith
EDelgado-Arias

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INCOMING TELEGRAM

Department of State

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38-M

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Action

Control: 6614

Rec'd: August 8, 1962

8:02 A. M.

Info

FROM: Recife

TO: Secretary of State

NO: 66, August 7, 6 P. M.

PRIORITY.

ACTION DEPARTMENT PRIORITY 66, INFORMATION RIO DE JANEIRO PRIORITY 71.

Governor Sampaio informed me this morning UDN-PSD Alliance Agreement virtually finalized and to be announced this afternoon to support Cleofas for Governor, while PSD will get Vice Governor's candidate in state, possible State Assembly President Paulo Guerra, as well as two senatorial nominations. Sampaio feels PSD will get perhaps four Federal deputies selected, although this estimate appears unduly pessimistic. Governor expressed great confidence in certainty victory over Arraes, despite efforts PTB to disrupt agreement between PSD and UDN, offering cruzeiros 40 million. Governor puzzled over sources funds available to PTB, since he has impression Jose Erimrio Moraes careful with his money, and may serve primarily as convenient front for other sources. He asked whether we have information possibility Czech Embassy is source of funds, since he has conflicting reports, apparently monthly from Fourth Army sources. Governor and Cleofas starting campaign tour interior Pernambuco from August 11 to 18 in Sertao area state

Governor insistently inquired on possibility we have inside information concerning takeover engineered by President which might take place during period from August 8 to 15. I informed him that latest I had from Embassy was that although such possibility exists it not considered likely / and that -

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Recife 66
file
Jan 8/24

732.00/8-762

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Forwarded by RM/R

08 12

CONFIDENTIAL

-2- 66, August 7, 6 p.m. from Recife.

and that tensions had slackened somewhat. He expressed belief President making tactical retreat, but convinced Goulart will persist his plans. He also expressed misgivings over President's intentions for Governors conference he is calling. Stated he would not go for fear this is trap laid by Goulart in order that he could engineer coup in States during absence Governors, who would find themselves isolated in Brasilia without available transportation back home. I suspect this is feeling other UDN and PSD Governors suspicious President, and received impression Governor Juracy Magalhues may be one of primary sources such reports.

Governor Sampaio announced that he planning go to Salvador (Bahia) Thursday to attend International Conference sessions. I suggested he might have opportunity talk to Ambassador while there. Suggest Embassy may wish inform Ambassador.

DELGADOARIAS

mbk

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08 13

RG:59
ENTRY: CDF60-63
BOX: 1579

TAB #: 1
1 / 1 / 5
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ACCESS RESTRICTED

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File Designation 732.00/8-162
Tel 3580
Date 7 August 1962
From State
To Salvador

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- Otherwise Restricted Information

WITHDRAWAL NOTICE

UWD 949.515
Authority

12-8-93
Date

Withdrawn by RMH

0814

RG: 57

TAB #: 75

ENTRY: 1963

1 / 2 / 5
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BOX: 3719

ACCESS RESTRICTED

The item identified below has been withdrawn from this file:

File Designation DEF - Defense Affairs DOM REP
Telegram 141616Z
 Date 14 July 1963
 From JANAF Attaches Santo Domingo
 To Secretary of State

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WITHDRAWAL NOTICE

NWD 939521
Authority

10/20/83
Date

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WITHDRAWAL NOTICE

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FR STATE

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NND: 949515

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NUMBERED

Action

Control: 6129

Rec'd: 1 AUGUST 1962 4:37 PM

ARA

FROM: RIO DE JANEIRO

Info

SS TO: Secretary of State

SR

G

NO: 318, AUGUST 7, 4 PM

SP

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PRIORITY

US IA

FOLLOWING FROM BRASILIA

NSC

INR

CIA

NSA

OSD

ARMY

NAVY

AIR

RMR

WAR MINISTER NELSON DE MELO LAST NIGHT ISSUED FOLLOWING STATEMENT: "UNDERSTANDING OF PRESENT POLITICAL SITUATION, OUR RESPONSIBILITIES FOR MAINTENANCE DEMOCRATIC ORDER AND PUBLIC LIBERTIES BRING US TO FULFILL NEED TALK TO NATION."

"SINCE YEAR AGO COUNTRY HAS BEEN PASSING THROUGH INSTITUTIONAL CRISIS WITH EVER MORE ALARMING REPERCUSSIONS IN ITS ECONOMIC, SOCIAL AND FINANCIAL LIFE. PROFOUND BASIS FOR CRISIS RESIDES IN FACT THAT SYSTEM OF GOVERNMENT HAS BEEN CHANGED AND UNTIL NOW BRASILIAN PEOPLE HAVE NOT BEEN CALLED TO OPINE ON THIS VERY RADICAL CHANGE. IT WOULD BE FEEDING INSTITUTIONAL CRISIS IF NEW CONGRESS SHOULD BE CONSTITUTED ON BASIS OF SYSTEM OF GOVERNMENT IN WHOSE ADOPTION PEOPLE DID NOT PARTICIPATE. IF THIS FAILING SHOULD CONTINUE VERY LEGITIMACY OF SYSTEM AS INSTRUMENT OF POPULAR REPRESENTATION WOULD COME INTO QUESTION. IN TRUTH, ONLY MANIFESTATION POPULAR WILL FREELY EXPRESSED IN BALLOT BOX WOULD GIVE POLITICAL AND INSTITUTIONAL STABILITY NECESSARY FOR CONSTRUCTIVE WORK FOR NATIONAL INTERESTS. FOR THIS REASON IT IS MOST PROPER THAT NATION BE CALLED TO POLLS IN ORDER CARRY OUT PLEBISCITE CALLED FOR IN ATO ADICIONAL. THESE ARE WORDS OF OLD SOLDIER FAITHFUL TO TRULY DEMOCRATIC IDEAS, SUBMISSIVE TO LAW AND CONSTITUTION. I AM STATING THEM NOW SINCE THEY ARE CONSIDERED NECESSARY AND CLARIFYING."

Retransmitted by

①

/WAR

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-2- 318, AUGUST 7, 4 PM FROM RIO DE JANEIRO

WAR MINISTER'S STATEMENT FOLLOWS FAILURE ACHIEVE EARLY PLEBISCITE DATE THROUGH SUPREME ELECTORAL COURT (EMBTCL 218). ITS TIMING OBVIOUSLY DESIGNED MAXIMUM EFFECT ON CONGRESS AS IT MEETS CONSIDER REQUEST FOR SPECIAL POWERS AND PROBABLY PLEBISCITE.

AMBASSADOR RECENTLY INFORMED BY EX-PRESIDENT KUBITSCHKEK WHO STILL PUSHING HARD FOR RETURN TO PRESIDENTIALISM THAT NELSON DE MELO HAS APPARENTLY BEEN GREATLY IMPRESSED BY PRIME MINISTERS RECENTLY REITERATED THESIS THAT "PRESENT REGIME WHILE LEGAL IS ILLEGITIMATE SINCE PEOPLE HAVE NOT HAD THEIR SAY". VIEW THIS STATEMENT AND FACT KUBITSCHKEK PRESENT LUNCH SATURDAY ATTENDED BY GOULART MILITARY AND POLITICAL SUPPORTERS WHERE PLEBISCITE REPORTEDLY DISCUSSED, EMBASSY INCLINED BELIEVE WAR MINISTER WHOSE RELATIONSHIP FAR CLOSER KUBITSCHKEK THAN GOULART ACTING UNDER FORMERS SUGGESTIONS.

SOME CONGRESSMEN HERE BELIEVE PLEBISCITE OFFENSIVE WILL LEAD TO NEW POLITICAL CRISIS THOUGH NOT YET EVIDENT THAT WAR MINISTERS MOVE IN ITSELF PARTICULARLY FOREBODING. HE WILL NONETHELESS BE SHARPLY CRITICIZED FOR DEPARTING MILITARY ROLE TO PRONOUNCE JURIDICAL AND POLITICAL JUDGEMENTS.

GORDON

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| ACTION. | | | DEPARTMENT OF STATE | | | 732.00/8-162 | | |
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| 2 | | | 1962 AUG 27 | | | HANDLING INDICATOR | | |
| ARA | EUR | FE | TO : Department of State | | | | | |
| | | 5 | DEPARTMENT OF STATE | | | | | |
| NEA | CU | INR | BUREAU OF ANALYSIS & DISTRIBUTION | | | | | |
| | | 2 | INTER-AMERICAN AFFAIRS | | | | | |
| E | P | IO | AUG 24 1962 | | | | | |
| | | 2 | FROM : AmConsul, SANTOS, Brazil | | | DATE: August 7, 1962 | | |
| L | FRD | AID | SUBJECT : Juscelino Kubitschek Denounces Parliamentarianism | | | | | |
| | | | REF : None | | | | | |
| AGR | COM | FRB | Visits Santos | | | | | |
| | | | Ex-President Juscelino Kubitschek, now Senator from Goias | | | | | |
| INT | LAB | TAR | visited Santos briefly on August 6, 1962 to receive the honorary | | | | | |
| | | | title of "Cidadão Santista" (Santos citizen), which was bestowed | | | | | |
| TR | XMB | AIR | upon him by the municipal authorities. | | | | | |
| | | 3 | Criticizes Parliamentarianism | | | | | |
| ARMY | CIA | NAVY | Following the ceremonies at the Santos City Hall and a | | | | | |
| 5 | 10 | 5 | banquet given in his honor, the former President gave a press | | | | | |
| OSD | USIA | NSA | interview. Mr. Kubitschek was reported to have stated that | | | | | |
| 12 | 8 | 3 | "parliamentarianism would never serve Brazil"; that "we live | | | | | |
| | | | in a country which cannot be governed under a parliamentary | | | | | |
| | | | system and much less under the present system". While admit- | | | | | |
| | | | ting that parliamentarianism could function very well in other | | | | | |
| | | | countries the former President maintained reportedly, that | | | | | |
| | | | it was inopportune to introduce such a system at this critical | | | | | |
| | | | juncture, a period "which demands immediate action by public | | | | | |
| | | | men and government authorities". He opined that parliamentaria- | | | | | |
| | | | nism could only "lead to revolution". Mr. Kubitschek expressed | | | | | |
| | | | the belief that the present Council of Ministers could not solve | | | | | |
| | | | any of the major national problems facing Brazil even if they | | | | | |
| | | | were granted "full powers". He said that Brazil could only | | | | | |
| | | | make progress when a hierarchy of authority" is established. | | | | | |
| | | | The present serious situation in Brazil, he said, resulted | | | | | |
| | | | from the curtailment of the executive power. He expressed | | | | | |
| | | | the opinion that "tranquility of the country will only be | | | | | |
| | | | established when executive authority is restored". | | | | | |
| | | | Plebiscite-Now | | | | | |
| | | | According to the local press the former President strongly | | | | | |
| FORM 4-62 DS-323 | | | OFFICIAL USE ONLY | | | FOR NOT USE ONLY | | |
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| Drafted by: Leland A. Pyle | | | Contents and Classification Approved by: Leland A. Pyle | | | | | |
| Clearance: | | | | | | | | |

0819

urged that a plebiscite be held immediately to determine whether the people wish to return to the presidential system or continue with parliamentarianism. Should they choose the former it should be restored at once, he is reported to have said. If the parliamentary system is chosen then it should be adapted to present needs, "because it will not function in its present form". We have arrived at a point where the political problems are greater than economic problems Mr. Kubitschek declared. The present situation in Brazil, he continued, can be characterized as one in which "we go to the ballot box or to arms".

Instruction 204

The local papers reported that the former President castigated SUMOC Instruction 204. He declared that it was bad for Brazil and for any country which follows the "same orientation in its political exchange". Argentina, he added, is an "example". It was only necessary to mention two things, Mr. Kubitschek said, to discredit Instruction 204. He pointed out that the cruzeiro was 190 or 200 to the dollar (U.S.) when he left the Presidency; that "today it is 500 to the dollar and on the road to 1000". Continuing he said, "during the five years of my government 132 billions of cruzeiros were issued which included funds for the construction of Brasilia and other public works all over Brazil". He contrasted this with the "117 billion cruzeiros issued last year and the possibility that an additional 150 billion of cruzeiros would be issued this year".

*Some
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Comment: It would appear that Juscelino Kubitschek is laying the groundwork for reelection to the Presidency in 1965. In fact he helped to distribute label buttons to those present showing a column of the Presidential Palace overlaid with "JK-65". His future presidential aspirations may have been the basis of his refusal to be drawn into the current gubernatorial race in São Paulo.

Island A. Pyle
Island A. Pyle
American Consul

cc: AmEmbassy, Rio de Janeiro
AmEmbassy, Brasilia
AmConGen, São Paulo

PM

0820

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Control: 6757
Rec'd: August 9, 1962
10:16 a.m.

NO 331

ARA FROM: Rio de Janeiro
Info
SS TO: Secretary of State
SR
G NO: 331, August 8, 4 p.m.

RM/R FILES

Handwritten notes:
RM/R files
10/5-2wa

H Following from Brasilia. *132.00*

AID P Navy and Air Ministers late yesterday issued public statements
P supporting War Minister's call of previous day for early
USIA plebiscite (EMBTEL 318). Both took tack similar War Ministers
INR by calling "consultation with people" necessary to "legitimization"
CIA present regime. With military Ministers now solidly behind
NSA President (significantly there have been no dissenting military
OSD voices raised publicly as yet) on plebiscite issue, Goulart's
ARMY chances pressuring Congress into acceptance one or another
NAVY formula leading restoration full powers appear improved through
AIR manner this might be done still far from clear. Yesterday's
RMR speeches outrage Chamber orators on one hand and involved
Parliamentary maneuverings which UDN and PSD leadership intending
employ in effort seize initiative from Cabinet on "reforms" issue
(EMBTEL 321) appear weak by comparison with big guns Goulart
moving up. *132.00*

Latest development in efforts cut down opposition administration
objectives is institution censorship TV/radio broadcasts on
basis all-inclusive decree issued June 1961 by Quadros.

While doubtless aimed primarily at Guanabara Governor Carlos
Lacerda (whose dramatic presentations over air waves not only
played key role downfall Vargas and Quadros Governments but
served as rallying point opposition forces during recent crisis
and whom Goulart known to fear), censorship will be used
attempt quiet opposition Goulart's efforts regain full powers.

GORDON

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GPO 230 500

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732.00/8-862
XR 932.503

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INCOMING TELEGRAM

Department of State

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UNCLASSIFIED

Control: 6681

Rec'd: August 9, 1962
9:10 a.m.

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FROM: Rio de Janeiro
TO: Secretary of State
NO: 328, August 8

FOLLOWING FROM BRASILIA

With regard government's decision re-institute censorship political radio TV broadcasts Ministry Justice yesterday issued following statement: "Heard last night with regard news circulation capital about prohibition of speech Governor Carlos Lacerda over radio-TV net, Minister Justice gave following clarifying remarks: (Situation) is not exactly that indicated by report's question. My order, which in fact exists, was not against Carlos Lacerda. Is measure of general character, which I intend insist be integrally adhered to, without exceptions, whoever may effect. Thus, I have ordered that in (case) television transmissions of political nature, as well as those intended radio, previous recording be obligatory, in order (permit) necessary censorship if respective program to go on air. This is not innovation on my part. It is no more than very legislation put into effect by decree Janio Quadros, when President Republic. Legislation regulating subject is not contradictory in essentials. I have done no more than exercise right which is part competence my position as Minister Justice, to which falls duty assuring preservation of public order.

"In fact, there is transcendental difference between written and spoken (including television) press in this business censorship.

in relation newspapers, matter does not permit doubt, in view fact it constitutionally prohibited place restriction on its full liberty expression. Situation radio and TV stations

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| NEA | CU | INR | HANDLING INDICATOR | | | |
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| | | 11 | <i>Ref-1</i> | | | |
| AGR | COM | FRM | FROM : AmConsul SALVADOR, Brazil | | | |
| | | | DATE: August 8, 1962 | | | |
| INT | LAB | TAR | SUBJECT: Brazilian Elections 1962: V: Bahian Parties - <i>Partido Republicano</i> slides | | | |
| | | | (July 24 - August 7, 1962) | | | |
| TR | XMB | AIR | REF : | | | |
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| ARMY | CIA | NAVY | | | | |
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| OSD | USA | NSA | | | | |
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During the period under review, Bahian political forces began to crystalize around the candidacies of Antonio Lomanto Junior (PTB - IV or V) and Francisco Waldir Pires de Souza (PSD - III or IV). Lomanto seems to have been more of a gainer this fortnight than Pires, having evidently secured the wavering support of the PTB and having also recuperated the support of his own former party, the PL, which had at first given every indication of supporting Pires out of pique at the surprise nomination of Lomanto.

Lomanto will thus now enjoy the support of the UDN, the PR (less Orlando Moscoze and his followers), the PTB, the PL (less Josaphat Marinhe and his followers who will evidently support Pires), the PRP, part of the PDC, and the PRT; these forces together control about 30 of the 60 seats in the state assembly and 13 of the 27 seats in the Bahia delegation to the federal Chamber. On Pires' side are the PSD, the PDC, the PSB, the PCB, the PSP, the PST, and the PTN, and dissident elements of the PR and PL, controlling about 30 seats in the Assembly and 13 seats in the Chamber delegation.

Still apparently uncommitted is the Janista MTR, with no representation in the Assembly and one seat in the Chamber. It may be that this remaining ounce of political weight will, indirectly, go into the balance on the side of Lomanto. Lomanto supporters claim, and Pires supporters concede, that Lomanto will run more strongly in the interior, while in the city of Salvador, the issue is in doubt. It is in Salvador that the MTR may assist the candidacy of Lomanto. Some Lomanto supporters, and in particular the UDN's grand strategist and state chairman, Ruy Santos, says that Lomanto cannot win in Salvador. Santos maintains that as many as 40 percent of the Salvador electorate is "independent", having no party affiliation. "Independence", he says, is usually expressed by

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Drafted by: **GDKeyser:gt** Comments and Classification Approved by:

Clearances: *167-00-5*



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- 2 -

opposing the "ins", so that this support will not go to Lomanto. PSD candidate for federal deputy Tarcile Vieira de Mello has indicated something of the same sort, and says that neither candidate has much appeal in the city. The PSD and its allies will, Vieira de Mello says, be making a strong effort to capture the Salvador vote; he appears to concede the countryside to Lomanto.

The UDN ploy to counter the PSD effort in the city appears to be a modified Cacareco gambit, which may depend on an assist from the MTR. The UDN hopes to have Aristoteles Goes nominated for Governor, and believes that he will win enough votes in Salvador to keep Pires from carrying the state. The assistance from the MTR may be necessary to provide Goes with an official nomination. Goes belongs to no party, and, like the SSe Paolo rhinoceros Cacareco, is a bizarre political figure who might indeed receive a heavy vote in Salvador from protest voters. Like the rhinoceros, Goes has a record unspilt by previous election to public office, although he was once appointed mayor of Salvador by an interventer. His campaign slogans have included a claim that he is the only candidate whose love of women still surpasses that of God. (Goes is well along in his sixties or seventies, it might be added.)

Lomanto supporters explain their faith in his superior rural pulling power by arguing that he is a man of the sertão, that as president of the Brazilian Municipal League he stands for local self government and greater financial support for municipal governments, and that he will enjoy the effects of the general satisfaction with Governor Magalhães' efforts in road-building and other developmental projects which have helped the interior. Vieira de Mello, who was for some time Magalhães' Secretary of Public Works and thus is perhaps familiar with this phenomenon, says that the PSD will lose in the interior because it is "isolated", with all the other parties of any significance -- the UDN, the PR, the PTB, and the PL -- united against it. It may be, too, that the leaders who control the rural vote feel that they have received precious little from Antonio Balbino (PSD VI) and his allies during the past years and particularly during the recent drought, while Juracy Magalhães has been able to use the state governmental machinery to build up his patronage in the interior. Bahians were particularly conscious, during the recent drought, that the federal government, with which Balbino was associated, was doing nothing to help them. Also associated with the federal government during this period was Oliveira Brito (PSD III, IV, or V) who has been termed an

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7

CONFIDENTIAL

- 3 -

"Industrial das secas" by one of Governor Magalhães' secretaries; Brito and Balbino control the two largest factions of the Bahia PSD, the two smaller factions being led by Vieira de Mello (IV or V) and Regis Pacheco (VI or VIII).

Also a powerful factor on the Lomanto side is the strong back country machine built up over the years by PR state chairman Manoel Novais (VI), who has dispensed Comissão do Vale do São Francisco patronage. Early prognostications indicate that the PR and the PTB, who will be running a joint ticket, may be the heaviest gainers in Bahia this year. At present, the two parties have five federal deputies (not counting "PTB" deputy Fernando Santana, a Communist) and some twenty candidates. The PR-PTB ticket may win as many as seven or eight seats this year, as compared to the five (six counting Santana) presently representing these two parties (four PR and one PTB).

The PR's unity has, of course, been broken by Vice Governor Orlando Moscozo Barreto de Araujo's candidacy for reelection on the Pires ticket. Moscozo (V) does not consider Communism a serious menace; he has told the consul that the United States is gradually becoming more socialist and that the Soviet Union is gradually becoming more liberal, so that in time the cold war will die of a lack of issues. He is also a wealthy land-owner and industrialist with strong links to Balbino. He evidently controls only one of the eight PR state deputies, while another follower is in the PSD. He privately told the consul not long ago that Balbino had asked him to remain in Bahian politics, rather than transfer his activity to the national stage, because Pires would need watching. Moscozo explained that Pires is personally a weak man.

Meanwhile, the Lomanto forces have not yet been able to find a vice gubernatorial candidate.

The senatorial race in Bahia involves two seats, those of incumbents Ovidio Teixeira (UDN) and Lima Teixeira (PTB VI). The UDN has not nominated Teixeira for reelection, but instead has nominated João da Costa Pinto Dantas Júnior, Governor Magalhães' Secretary of Agriculture, Industry, and Commerce until last July 6, when he resigned to run for the Senate. The PSD has nominated Antônio Balbino to run for the Senate, and it now appears that its other candidate may be Josephat Marinho. At a glance, the PSD's candidates would appear stronger than those of the UDN and the PTB, although the consulate has not yet had a chance to study this race.

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The consulate has not yet seen the list of the PSD candidates for federal deputy, but so far has noted the following candidates:

Tarcilo Vieira de Mello (V) leader of perhaps 15 to 20 percent of the Bahia PSD, a life-long rival of Balbino (they come from the same town, Barreiras), and Governor Magalhães' Secretary of Public Works until he resigned to run for election. Vieira de Mello was at one time the PSD floor leader in the federal chamber, when he had a reputation as a left-wing nationalist. Today he seems more moderate. He is about 48, and is notoriously fond of wine and women. He is also sometimes charged with venality. He is wealthy. In 1958, he ran both for governor and for federal deputy, losing both campaigns.

Antônio Ferreira de Oliveira Brito (IV or V), a member of Goulart's cabinet until his resignation to run for office, is supposed to be quite close to Goulart. Vieira de Mello characterizes him as a moderate, while it has been said that he is an "industrial das secas". He is apparently wealthy. His faction represents about 25 to 30 percent of the PSD, and he won 23,273 votes, with PRP support, in 1958.

Regis Pacheco (VI or VII), a former governor of Bahia, controls only about 10 percent of the Bahia PSD, and is the least significant of the party's four king-makers in Bahia (Balbino, Brito, Vieira de Mello, and Regis Pacheco). He is described by Vieira de Mello as an ultra-conservative, and seems rarely to be in the public eye today. He won 16,214 votes in 1958.

According to Vieira de Mello, the PSD will not gain much in federal representation, largely because of a dearth of candidates. He says that few want to be elected to serve in Brasilia, and that he himself will maintain his residence in Rio if elected. He estimates that the PSD will increase its federal representation from 12 to 14, while the party's state representation will increase from 20 to 25. PSD opponents maintain that the party will lose seats.

The UDN's state chairman, Ruy Santes, predicts an increase of the party's representation from 12 to 18 seats in the state assembly, while a candidate for the assembly who is also a secretary to the Governor, Francisco Benjamin de Carvalho, estimates the gains at 3 seats, predicting 15 UDN state deputies will be elected. Carvalho says that the UDN gains will be made at the expense of the PSD, in the interior. Two other UDN observers predict that the UDN will do no more than hold its own, one suggesting that it might even lose one or two seats in the Assembly.

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The PR, as noted above, is expected by Lemanto supporters to gain. The reporting officer suspects at this point that the PTB will also gain. So far, the consulate has heard no prognostications on the outlook for other parties, except that the PL, on a joint list with the UDN, will share gains of from two to four seats which the two parties will gain (according to Santos and Carvalho) over the eight (seven UDN and one PL) they now hold. The dearth of candidates in the PSD and the UDN may reflect the realization of some candidates that the smaller parties offer more opportunity, and it is possible that we will see gains by the smaller parties.

C. Dirk Keyser
C. Dirk Keyser
American Consul

cc: Political Section, Rio, and Political Section, Brasilia

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ON EVE OF PRIME MINISTERS DEMANDS TO CHAMBER TODAY OR TOMORROW FOR SPECIAL POWERS AND EARLY PLEBISCITE RUMORED IN SOME INSTANCES NOT BE SO EXTREME AS TO INEVITABLY LEAD FALL OF CABINET AND RENEWED POLITICAL CRISIS, BRASILIA TEEMING WITH RUMORS OF COUPS, COUNTER COUPS CENTERING AROUND GOULART'S DRIVE FOR FULL POWERS.

DESPITE FOREGOING HERBERT LEVY, PRESIDENT UDN, IN CONVERSATION LAST EVENING WITH BRITISH AMBASSADOR AND EMBASSY OFFICER EXPRESSED CONSIDERABLE RELIEF AND OPTIMISM BASED ON UNDERSTANDING REACHED WITH PSD LEADERS THAT CONGRESS WILL BE FIRM IN REJECTING ANY BUT ABSOLUTELY NECESSARY POWERS AND WILL NOT COUNTENANCE EARLY PLEBISCITE.

SAID THAT PLANS ALREADY FIRM FOR CONGRESS TAKE INITIATIVE IN REFORMS FIELD DURING PRESENT TWO WEEKS WORK SESSION, E.G., SENATOR MILTON CAMPOS (UDN-MINAS GERAIS) YESTERDAY AFTERNOON PRESENTED IN SENATE BILL FOR AGRARIAN REFORM DRAWN UP SIX MONTHS AGO BY COMMISSION WHICH HE HEADED; URGENT CONSIDERATION HAS BEEN AGREED UPON FOR BANKING REFORM BILL; MAJORITY APPROVAL ASSURED FOR EARLY PASSAGE PROFITS, REMITTANCE BILL AS UNANIMOUSLY APPROVED IN SENATE LAST MONTH; AGREEMENT REACHED FOR PASSAGE IMPORTANT INTERNAL REGULATIONS CHAMBER DEPUTIES. PLANS ARE TO GIVE PRIME MINISTER AND CABINET MINISTERS GOING OVER TO SENATE CHAMBER WITH UDN AND PSD AGREED ON MAINTAINING INITIATIVE. DESPITE STATEMENTS FROM MILITARY MINISTERS FAVORING EARLY PLEBISCITE

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GORDON

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AUG 13 1962

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1. Local Press Reaction

POLITICAL

1. José Bonifácio's Campaign Picks Up

São Paulo Governor CARVALHO PINTO has twice turned his office over to the Vice Governor for periods of several days, leaving himself free to concentrate on José Bonifácio NOGUEIRA's election campaign. The Governor's personal campaign appearances appear to have aroused public interest. He has evidently decided that no effort or expense should be spared to put José Bonifácio in the lead against his two strong opponents. Automobiles numbering in the hundreds have reportedly been bought for use in the administration candidate's campaign. Two hundred road-graders are to be turned over to townships (municípios) in the "interior," and no observer can fail to be impressed with the quantities of public works in process in practically any São Paulo município. The pro-administration press says that 400 of the 525 Mayors in the State have expressed formal support of José Bonifácio.

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The administration candidate's strongest appeal seems to be to the political center. Many conservatives also support him, but Adhemar de BARROS is perhaps strongest with defenders of the status quo (Adhemar also has strength throughout the social spectrum in the interior and, to a lesser extent, in the capital city). Some workers -- or at least labor leaders -- express support for José Bonifácio, but Jânio QUADROS appears to have the lead in the factories. (LIMITED OFFICIAL USE)

Comment: The sheer volume of José Bonifácio's campaign should be worth something, especially since he is up against opponents who are much better known personally. One can put some credit in his fans' belief that his campaign is finally "pegando fogo" (catching on), but neither he nor either of the others is on a band wagon which has really started to roll. If it seems expedient, the 400 pro-administration Mayors could jump off in mass on election eve. (LIMITED OFFICIAL USE)

2. Jânio Worried About "Candidate of the Left"

Jânio Quadros' columns (which he has now succeeded in getting in three top-circulation São Paulo newspapers in addition to his personal mouthpiece) have been reflecting persistent concern with a long-rumored plan to nominate a "candidate of the left" to the São Paulo governorship. Either Almino AFONSO or San Thiago DANTAS has been mentioned as the candidate in each of the various versions. The Brazilian Labor Party (Partido Trabalhista Brasileiro -- PTB) would be the obvious main vehicle for the candidacy, with the Communists lending support. Administration gubernatorial candidate José Bonifácio this week dropped a hint that the "candidate of the left" was about to materialize, starting further rumors that he and/or Adhemar de Barros were in on the machinations. (OFFICIAL USE ONLY)

Comment: It is probably correct to assume that the "candidate of the left" would appeal to factory workers and hence detract directly from Jânio. Quadros' best reason for optimism has so far been the division of his opponents (José Bonifácio vs. Adhemar), who compete with each other for many of the same blocks of voters. There is no division of such proportions in Quadros' sphere. It is therefore quite conceivable that the "candidate of the left" notion would appeal to both of Quadros' opponents, at least to the extent of ensuring their acquiescence. It is not so easy to think of anyone of vote-getting stature who would be willing to be a sacrificial lamb. Afonso and Dantas, whatever their illusions of grandeur, must realize that they would be in danger of putting up a laughable performance in São Paulo. Socialist (Partido Socialista Brasileiro -- PSB) candidate Cid FRANCO does

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not count; not even the Communists take him seriously. (LIMITED OFFICIAL USE)

3. Student Strike Weakens Further

Students of all or almost all colleges (faculdades) of Mackenzie University have now returned to classes. Some have officially repudiated the Communist-controlled National and State Students' Unions (UNE and UEE). Mackenzie students report that opinion runs heavily anti-Communist, with students who are usually inactive showing up for votes.

Some classes are being held in the University of São Paulo, but there have apparently been no massive cracks in the strike there. USP students are stuck on a local issue or two in addition to those causing the national strike.

Catholic University students are said to be returning to classes, but the University has promised to yield on at least the most important national issue (student participation in faculty decisions). (OFFICIAL USE ONLY)

PSYCHOLOGICAL

1. Local Press Reaction

COMMUNIST AGITATION - The issue of Communist agitation and penetration in Brazil drew even more editorial attention this week, with analyses ranging from the recent Communist "coup" in the Sindicato dos Jornalistas to Red infiltration and orientation of the Brazilian students' strikes. All writers warned that democratic forces must get busy neutralizing the Red efforts. A number took heart from the return of many striking students to their classes, their eyes opened to the subversion of their movement by Communists. It is hard to avoid the impression that São Paulo is definitely awakening to the menace of domestic Communist subversion.

PRESIDENT KENNEDY AND BRAZILIAN STUDENTS - The interviews between the President, the Attorney General and a group of Brazilian students received excellent and extensive news play this week, and gleaned four editorials. Three, including that of O Estado de S. Paulo, lauded the President and criticized what they described as the Red-inspired questions of several students. Left-wing Ultima Hora predictably approved the students' aggressive questions, and called Kennedy's replies an evasion.

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SPECIAL POWERS AND PLEBISCITE - Premier Brochado da ROCHA's demand for special powers with which to cope with the economic crisis and an early plebiscite remained the favorite topic of editorialists this week. A majority of writers continued to support the Premier on the need for special powers. Several ignored the plebiscite question, while others repeated their opposition. O Estado de S. Paulo, interestingly, was silent on both questions this week, while Diario de S. Paulo violently attacked the Premier on the basis that special powers would be dangerous and his need for them an admission of incompetence.

GOULART'S SPEECH IN PARAIBA - President Goulart's speech to workers in Paraiba, in which he again mentioned Brazil's need for basic reforms, drew little editorial notice. O Estado de S. Paulo's reaction was noteworthy in that this influential opposition paper reversed itself temporarily to applaud the President. It "was not the head of a political faction who spoke to the neglected population of Paraiba. This time it was the President of the Republic who spoke." (Next day O Estado was back on track, lambasting the administration.) (UNCLASSIFIED)


Daniel M. Braddock
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I. General

The results of this year's elections on October 7 will serve as an important index and a definitive measure of the present strength and popularity of the steadily growing leftist-nationalist movement in Brazil. The Brazilian voters, buffeted by a year of governmental vacillation and by the effects of prolonged inflation and prospective national bankruptcy, will have the opportunity on October 7 of stating their preferences for the men that they hope will pull Brazil out of its present morass. Through these candidates, the voters will choose from among essentially four fundamental approaches to the solution of Brazil's problems: the radical leftist, the moderate leftist, the centrist, and the conservative; a fifth approach--the radical right--will not be voted upon although it remains always present and popular among significant sectors of the "pragmatic" Brazilian population. Since an impressive radical leftist gain and increased voice in the Federal Government would portend greater diplomatic strains and stresses in Brazil-U.S. relationships, this report has been designed to sketch lightly the geography of the present leftist electoral strength and its possible electoral gains, with special attention being devoted to the key gubernatorial contests.

II. The Payoff

Many leftists hope that this will be the year of the political payoff. The conditions are right. For years--since the early Vargas days--the foundation and the structure for such a victory have been built. The continuous din of the ultra-leftist propaganda

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has achieved its designed cumulative effect: the acceptance by numerically large and important sections as unquestioned doctrine of the anti-imperialist, anti-U.S., anti-capitalism grist fed them. All politicians have to pay homage to the nationalist cliches if they do not wish to commit political suicide. Given this climate of public opinion plus the direct and indirect help of President Goulart and the issue of parliamentarianism versus presidentialism, the leftists are working to take full advantage of their present favorable situation within the fluid and uncertain national picture.

III. The Frente Popular

Within a few days, a leftist popular front (Frente Popular) for the October elections is expected to be officially launched by the issuance of a manifesto drafted by former Foreign Minister San Tiago Dantas, the guiding theoretician of the movement. The unfurling of this nationalist banner will immediately gather the troops of the Frente Parlamentar Nacionalista (Nationalist Parliament Front) for collective action under the leadership of Miguel Arraes in the Northeast and North, Leonel Brizzola in Guanabara and the South, and Mauro Borges and San Tiago Dantas in the central states. President Goulart, while not officially committed to the movement, was instrumental in its organization and has reviewed its present plans. The Frente is projected as an alliance of the students-labor unions-peasants-and intellectuals with the tactical incorporation of key military figures into a political steam-roller. The fuel for the machine will be a super-charged demand for "basic reforms." The destination of the machine will be a "white (or bloodless) revolution" achieved through the ballot box, purportedly to prevent the eventual de facto revolution caused by the continued stifling of the people's desires by reactionary legislators. The Frente will cut across party lines to support all properly leftist candidates, but the principal political beneficiary of the Frente's activities will be the PTB. Among the early expected adherents to the colors of the Frente Popular are such figures as labor leaders Dante Pelacani and Clodosmidt Riani of the CNTI, Federal Deputies Bento Gonçalves (PSP) and Celso Brant (PR), São Paulo gubernatorial candidate Jânio Quadros, and federal deputy candidate Francisco Julião. Other targets for enlistment: Governor Magalhães Pinto of Minas Gerais and Senator Juscelino Kubitschek of Goiás.

In the ten state gubernatorial contests, at least seven candidates--with strong possibilities of winning--will be supported by the Frente.

IV. The Gubernatorial Contests (Complete descriptions of these contests are to be found in the basic state reports of this election series)

A. Possible Leftist Gains

Pernambuco:

Miguel Arraes, ultra-nationalist and pro-communist mayor of Recife, is the strong favorite in a three-way race for the Pernambuco governorship. In addition to PCB support, Arraes has been nominated by the PST, the PSB, and the PTB. A long and carefully planned propaganda campaign featuring the Movimento

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Para Cultura Popular (literacy training, neighborhood plays, pop-concerts, etc.) and impressive municipal improvements have paved the way for a low-keyed but effective political campaign. Conservative forces, buffeted by a series of confusing political maneuverings (that have all failed) and political desertions, are attempting to rally their forces around either João Cleofas (UDN-veteran, already a two-time loser) or Armando Monteiro Filho (former Minister of Agriculture), whose candidacy was backed by the PSP and the PDC after his own party, the PSD, initially turned him down. There is talk of a possible UDN-PSD alliance against Arraes.

Ceará

Leftist Federal Deputy Adahil Barreto won the UDN gubernatorial nomination on July 27 only to lose it the next day in a dramatic switch by the UDN which now sees the party allied with the PSD and incumbent Governor Barroso of the PTN in support of Virgílio Távora's candidacy. However, the political somersaults did not quash Barreto's candidacy for the governorship since he was immediately picked up by the PDC-PTB-PSP-PR-PRT opposition (and more leftist) group to head its slate of candidates. Ceará, with its socially malcontent urban areas, should be ideal putty for shaping by an able and thorough leftist such as Adahil Barreto, who will continue to be a strong candidate in the gubernatorial race despite the combined organizational strength of the UDN and PSD.

Sergipe

Federal Deputy Seixas Doria, UDN-dissident and key member of the leftist/nationalist bloc in Congress, faces his old political tutor Leandro Maciel (UDN) in a close gubernatorial campaign in Sergipe. Although most Sergipe citizens do not consider Doria to be dangerously leftist (because of his family and other conservative ties within the state), his legislative record illuminates his political portrait in pinkish hues. Deputy Doria is considered a slight favorite at this time.

Bahia

Federal Deputy Waldir Pires (with the support of the PSB) has now been nominated by the PSD as its gubernatorial candidate. His candidacy was designed to appeal to the leftists and he has already received support from the newly organized Frente Popular Nacional. If, as requested by San Tiago Dantas, the state PTB deserts the UDN-PR-PTB coalition in order to back the "more nationalist" candidate, Pires will be strongly favored to defeat his opponent Lomanto Junior (who is also known to have been an occasional signer of leftist and communist inspired "popular" manifestos).

Rio de Janeiro

Among the half-dozen announced candidates, there are two known leftists campaigning for the governorship of the state of Rio de Janeiro. The brilliant showman and radical (any and all extremes) Federal Deputy Tenorio Cavalcanti reportedly has the support of the PCB and may win a nomination from one of the smaller parties such as the PST. His reputation as a

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screwball is a political asset, and he will be a dangerously popular candidate. Badger Silveira will be the sentimental candidate of the PTB to fill the shoes of his late brother, Governor Roberto Silveira; Badger is also reported to be an ambitious leftist.

São Paulo

The 100% leftist candidate, State Deputy Cid Franco (PSB), has little chance of victory in the São Paulo gubernatorial election. However, the PTN-MTR-PL candidacy of former President Jânio Quadros is still very strong. His penchant for utilizing--at his convenience--the nationalist and anti-American platform is well known. While certainly not a tool of the extreme left, he would not hesitate to harness their forces in his desperate bid for a political come-back.

Amazonas

The probable return of Plinio Ramos Coelho (PTB candidate) to the governorship of Amazonas will mean a continuation of the predominant leftist line first implemented by him and continued by his political heir (and sometime enemy) Gilberto Mestrinho.

B. Probable Leftist Losses

Rio Grande do Sul

Nationalist leader Leonel Brizzola has no political heir in the RGS gubernatorial race. The PTB candidate, Egidio Michaelsen, is actually considered to be a conservative politician, as is the PSD candidate, Ildo Meneghetti. The only liberal candidate in the race, MTR organizer Fernando Ferrari, is generally pictured as a mild leftist and strong advocate of political and labor reforms.

Piauí

Chagas Rodrigues, vocal spokesman and defender of the radical left, nationalism, and the Ligas Camponesas, has already left the Governor's Palace. His handpicked PTB successor-to-be, Constancio Perreira, a political cat of a milder stripe, is not favored to win against the UDN centrist opposition of Petronio Portela, Mayor of Teresina.

Espirito Santo

In the tenth gubernatorial race, in Espirito Santo, both candidates--Jones dos Santos Neves (PSD) and Lacerda de Aguiar (UDN, PTB, PSP, FRP, PDC) are categorized as conservative politicians who hope to succeed the conservative former incumbent, Carlos Lindenberg (PSD), who recently resigned to pursue his senatorial candidacy.

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V. The Congressional and Other Races

How will the leftists fare in their campaign to win dominance in the Federal Congress? Most observers believe that if the leftists are successful in the 1962 elections, their success will be measured not in landslide electoral victories but rather in trends and a slight (5%-10%) increase in the number of leftist deputies and senators. This increase would mean 25-30% of the congressional seats would belong to the leftists in the next Congress; the leftists now have about 20% of the seats. If this assumption is correct the leftist gains will most probably be made in the areas where they are already strongly entrenched. In an attempt to plot current leftist strongholds, a rough calculation--using the classification system as described in Embassy Despatch No. 891 of May 14, 1962, of the number of known Communists, Crypto-Communists, fellow-travelers, useful innocents, and leftist ultra-nationalists who have been elected (governor, vice-governor, federal deputy, and senator) in the various states--has been made. This total of leftists has then been converted into a percentage of the total of the state's elected representatives in an attempt to measure relative leftist strength. The results:

| | |
|---------------------|-------|
| Rio Grande do Sul | 46.4% |
| Guanabara | 33.3% |
| Rio de Janeiro | 27.3% |
| Piaui | 25.0% |
| Paraná | 21.5% |
| Pará | 21.4% |
| São Paulo | 20.4% |
| Pernambuco | 20.0% |
| Maranhão | 20.0% |
| Santa Catarina | 20.0% |
| Paraíba | 18.8% |
| Amazonas | 16.7% |
| Sergipe | 16.7% |
| Espirito Santo | 16.7% |
| Ceará | 13.0% |
| Minas Gerais | 9.3% |
| Goiás | 8.3% |
| Alagoas | 8.3% |
| Rio Grande do Norte | 8.3% |
| Bahia | 6.4% |
| Mato Grosso | 0.0% |

The effectiveness of this poll is limited by certain gaps that still exist in the Embassy's program of cataloguing Brazilian politicians. It is believed that certain other states, such as Bahia and Minas Gerais, will have a higher "radical left" index when the tabulation is finished. Incomplete and unscientific as such an index is, it does highlight certain features of the leftist movement in Brazil: (1) the generally unknown but relatively high preponderance of leftist electoral strength in the North-Northeast (Pará, Maranhão, Piaui, Paraíba, and Pernambuco), (2) its strength in the metropolitan area of Rio de Janeiro-São Paulo, and (3) the reflection of Rio Grande do Sul as a leftist PTB stronghold.

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Regarding strategy in the congressional races, as well as state legislative races, the leftists are placing their national stress upon the campaign in Guanabara. For it is in Guanabara that the communists and ultra-nationalists face their most adamant, vocal and able obstacle--Governor Carlos Lacerda. For this reason, first priority has been given to the leftist campaign of "sabotaging" Lacerda by robbing him of his popular base and elected political support in his own state. Such outstanding leftist figures as Leonel Brizola and Aurelio Vianna have been imported into the Guanabara political race to lend prestige and vote-getting magnetism to the leftist cause.

In the other states where there is no strong leftist candidate to back in the gubernatorial contest, the communist-led leftists will concentrate their efforts upon supporting all available nationalist candidates in the congressional races with special emphasis placed upon pushing young budding leftists into the state legislative assemblies and the municipal councils.

For the Ambassador:


Edward J. Walters
Second Secretary of Embassy

APPROVED BY:


Robert Eakens
Acting Deputy Chief of Mission

CONFIDENTIAL

0839

ORIGIN/ACTION 59
ARA-4

DEPARTMENT OF STATE
AIRGRAM

732.2/8.862
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A-160 CONFIDENTIAL

AIR POUCH

TO : Secstate WASHINGTON

1002 AUG 10 PM 4 10

ANALYSIS & DISTRIBUTION

FROM : Amembassy BRASILIA Office

DATE: August 8, 1962

SUBJECT: Highest Electoral Court Rejects Request for Plebiscite on Parliamentary System

REF :

On July 25, the Superior Electoral Tribunal, located in Brasilia, gave its decision on the request for an opinion submitted on July 6 by Magalhães Pinto, Governor of the State of Minas Gerais (See Weeka 30, Embtel 218). Pinto had asked (1) if the Tribunal is competent to set the date for a plebiscite on whether the parliamentary system should be maintained or whether the presidential system should be re-instituted; (2) if competent, the Tribunal was requested to set the date for the plebiscite. By a vote of 4-3 the Tribunal decided that it does not have the competency in question.

The Tribunal is composed of 7 members. The Federal Supreme Court, and the Federal Tribunal of Appeals each elect two of its members to the Tribunal, the Tribunal of Justice of the Federal District elects one and the President of the Republic appoints two from a panel presented by the Federal Supreme Court. The term of office is two years and re-election is permitted only once. Once constituted, the Tribunal elects its President from either of the two Supreme Court Justices. The President votes only to break ties.

The Politics

This decision marks the end, in a defeat of sorts, of the first phase of President Goulart's struggle to win back the traditional powers of the Presidency, taken from him by a

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FORM DS-323

Drafted by: Hweiner:jw

Contents and Classification Approved by: Fraite

Clearances:



CONFIDENTIAL

Page 2
Airgram No. 160
Brasilia Office

constitutional amendment (the Ato Adicional¹) on September 2, 1961. At the time in early July that Goulart's attacks had brought the Congress almost to its knees, and it seemed that parliamentarianism was in discredit everywhere, the belief was held, briefly, by Goulart and his advisers that a quick and legal victory could be won by getting a decision from the Supreme Court declaring the Ato Adicional void. Unofficial soundings quickly disabused Goulart of any such hope. The next stratagem turned on the Electoral Tribunal, much more susceptible of pressure than the Supreme Court on which tenure is permanent until age 70. In the 19 days that the Tribunal had the question under consideration, maneuverings were, to say the least, at an intense level. The decision came as a surprise to many observers, the consensus having been that the Tribunal would hand down a 4-2 decision favorable to the Administration thesis. From what the Embassy has learned, it appears that the victorious maneuver by the anti-presidential forces--that is, the two major centrist-conservative parties, the PSD and the UDN--was for key members of the Senate to let it be known that those justices rendering a pro-Goulart vote would be permanently precluded from receiving Senate approval necessary for appointment to the Supreme Court. This threat apparently was sufficient to change the prospective 4-2 to 3-3 at which point the deciding vote fell to Tribunal President Ari Franco.

The Law

The request for the opinion was based on Article 119 (IV) of the Constitution, which states in part "Among the attributes of electoral justice is included: I...

II...

III...

IV The setting of the date of elections, when not determined by constitutional or legal provisions."

The minority argument was based (1) on the over-riding necessity for a plebiscite, claiming that a difference exists between "original constituent power" and the "derived constituent power of the amendor" and that the Ato Adicional does not merely amend the Constitution but changes the basic law and denies to the people their guaranteed (Article 134 of the Constitution) right to elect the President directly.

1 The full text, unofficially translated is contained in the Embassy's Airgram A-101 of September 3, 1961.

CONFIDENTIAL

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32
INCOMING TELEGRAM

Department of State

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RIO 343

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FROM: Rio de Janeiro
TO: Secretary of State
NO: 343, August 9, 5 p.m.

Control: 7101
Rec'd August 9, 1962 001
4:32 p.m.

ESTB-12
file Jan
9/6/62
[Signature]

NIACT
ACTION SAN SALVADOR NIACT 25, INFORMATION DEPARTMENT 343
DEPTEL 419 - ABA/EMM-
FOR GORDON FROM EAKENS

Embassy has received no other evidence military action imminent.
With postponement Brochado da Rocha appearance Chamber until August 14, Cabinet crisis apparently delayed and situation otherwise does not appear any worse.

ETA air mission plane Salvador 11:00 AM today. Assume plane now standing by.

GORDON

LTR/6

NOTE: Advance copies Mr. Wilson (EST) 8/6/62-L

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[Handwritten notes]

732.00/8-962

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INCOMING TELEGRAM

Department of State

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Rec'd: August 10, 1962
11:17 a.m.

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AIR

RMR

FROM: Rio De Janeiro

TO: Secretary of State

NO: 344, August 9, 1 p.m.

PRIORITY

Following from Brasilia.

(1) EMBTEL 321. 732.00

Council Ministers announces transmitting executive message accompanied by emergency plan to Chamber tomorrow morning. Prime Minister scheduled defend message orally next Tuesday. Emergency plan reportedly consists of 20 drift bills, 19 of which economic and financial character 20 being request for early Plebiscite date. Strategy appears to be request special powers only for such matters as Congress does not act upon in considering emergency plan.

(2) PSD, UDN and PSP issued joint statement last night defending Congress against recent efforts discredit legislature, claiming uncontestable moral authority after August 1961 solution which saved country from Civil War. Note goes on to state that early Plebiscite will not solve Brazil's serious economic problems but agitation for Plebiscite will stimulate disorders and continued lack confidence. Note alludes to virtual impossibility obtain two-thirds vote for constitutional amendment move up Plebiscite date which parties hold should in any event be acted upon by new Congress. Concludes with statement that no reason exists why Congress cannot act upon needed legislation including even basic reforms. Effect of statement likely to be weakened by fact that only 28 of more than 100 PSD bench present at meeting which approved statement. 9 of 28 mostly Kubitschek

Handwritten: JWB
RMR - file
10/5 - JWA

732.00/8-962

XR 832.10

Revised by RMR

2

-supporters-
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INCOMING TELEGRAM

CONFIDENTIAL

SERIES RECORD

Control: 7792

CORRECTION ISSUED

8-12-62 1:25 AM BA

CORRECTED PAGE 2.

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RMR

-2- 344, August 9, 1 p.m. from Rio De Janeiro -- CORRECTED PAGE 2.

supporters who desire early Plebiscite voted against UDN solid for.

(3) Atmosphere in Brasilia has sharply changed for better during last 24 hours with Deputies apparently determined stand firm against Goulart onslaught and confident that they can handle most any situation except military takeover. Key Congressmen after conversations with Military Ministers convinced that neither Ministers themselves nor Armed Forces as body would take or countenance illegal move by executive. UDN leader after conversation with War Minister convinced Nelson de Mello realizes was bamboozled into making statement since was apparently unaware virtually impossible mechanically get two-thirds vote at this stage Congressional session.

(4) Congressional leaders moving ahead as indicated by UDN President (reference telegram). While Congress doubtless in firm and confident mood, Embassy feels certain Goulart will not halt his offensive. Embassy continues agree with Congressional movements such as closing down Congress, but believes military will continue push President's psychological warfare against legislature in hope pressuring return of full powers since military strongly favors Presidentialist system. Satisfactory compromise Plebiscite next year could result.

GORDON

DMB

CONFIDENTIAL

0844

3

SS#13674 RM/R

AUG 21 1962

FILE

Dear Hubert:

Thank you for your August 9 letter enclosing Mr. Reisky's perceptive observations on the political situation in Brazil and the Alliance for Progress in that country.

I appreciate your making Mr. Reisky's views available to us and have asked the appropriate officers of the Bureau of Inter-American Affairs and the Agency for International Development to give them careful attention.

We will communicate to you very soon the results of this consideration.

With warm regards,

Sincerely,

/s/ Dean

Dean Rusk

732.00/8-962

2

The Honorable Hubert H. Humphrey, United States Senate.

Clearances: H - Mr. Venzler AID - Mr. Hagan (in draft)

ARA:RST/S: Sullivan: 8/21/62 Retyped in 2/8-8 8/20/62

S/S-RO

AUG 21 1962

cc To ABA / S / RF.

0845

13672

Dear Robert:

Thank you for your letter of August 9, 1962, with which you enclosed the perceptive observations made by Mr. Vladimir Brinsky de Dabinski on the political situation in Brazil and the Alliance for Progress in that country.

I am grateful to you for making Mr. Brinsky's views available to us and have directed the appropriate officers of the Bureau of Inter-American Affairs and the Agency for International Development to give them their careful attention.

We will communicate to you very soon the results of this consideration.

With warm regards,

Sincerely,

Dean Rusk

The Honorable
Robert F. Kennedy,
United States Senate.

RB
ARA:EST/BJW:K/Chizac 8/17/62

Clearances:

H - AW. Wexler

AID - Mr. Mapes (in draft) gm

0846

DEPARTMENT OF STATE
ASSISTANT SECRETARY

13672

152
August 20, 1962

(3)

TO : The Secretary
THROUGH: S/S *gmk*
FROM : ARA - Mr. Manning
SUBJECT: Reply to Letter from Senator Humphrey

Discussion:

Senator Humphrey wrote you on August 9, 1962 (Tab B) asking that you give him your reaction to a letter he had received from Mr. Vladimir Reisky de Dubois with regard to the political situation and the Alliance for Progress in Brazil. He addressed identical letters to Mr. Fowler Hamilton and Mr. Teodoro Moscoso. AID is acknowledging these two letters with the intention of preparing a substantive reply for Mr. Moscoso to sign after his return to Washington next week. We suggest that you acknowledge Senator Humphrey's letter stating that you have asked ARA and AID to give Mr. Dubois's observations careful attention and that a further communication will be sent to the Senator after this consideration.

732.00/8-2062

Recommendation:

That you sign the attached letter to Senator Humphrey (Tab A) along the lines indicated above.

Attachments:

1. Letter to Senator Humphrey (Tab A).
2. Letter from Senator Humphrey with enclosure (Tab B).

(1)

Concurrences:

- H - Mr. Wexler *W*
AID - Mr. Mapes (in draft) *gmk*

W-ARA:EST/B:JW:elson:sec 8/17/62
RB

0847

EXECUTIVE SECRETARIAT

ACTION SLIP

(To Remain With Correspondence)

TO: ARA - Mr. Holway

Control # 13627

Date August 14, 1962

Subject: Request for Secretary's comments on Brazilian political and economic situation: Letter to the Secretary, dated 8/9/62, from Senator H. Humphrey.

ACTION:

For appropriate handling.

For direct reply.

~~XXXXXX~~ Prepare reply.

A response for signature by the Secretary

should be submitted to S/S by C.O.B. August 17 - accompanied by a staff study.


Appropriate clearances

should be obtained, including H, AID

For your information.

Remarks: Use format: Dear Hubert . . .
With warm regards,
Sincerely, Dean Rusk

cc: AID - Mr. Easum (w/att)
H - Miss Hogan (w/att)
S - Mr. Swank (w/att)


A.E. Breisky
S/S-RO
Extn 4154

M-229
2-61

GPO 9 23493

0848

J. W. FULBRIGHT, SEN., CHAIRMAN
 JOHN SPARKMAN, ALA.
 HERBERT H. HUMPHREY, MINN.
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ALEXANDER WILEY, WIS.
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 GEORGE D. AMEN, VT.
 HOMER E. CAPSIDENT, IND.
 FRANK CARLSON, KANS.
 JOHN J. WILLIAMS, DEL.

DARL HANCOY, CHIEF OF STAFF
 DANIEL B. CLARK, CLERK

United States Senate
 COMMITTEE ON FOREIGN RELATIONS

August 9, 1962

S
ACTION
 is assigned to
ARA

13312

The Honorable Dean Risk
 Secretary of State
 Department of State
 Washington 25, D. C.

Interim reply drafted
 ARA:EST/B:JWW:llson:zcc 8/7/62

Dear Dean:

Not long ago I queried some of my friends and acquaintances in Brazil concerning the political situation there and their assessment of the Alliance for Progress in Brazil. One of the most impressive answers came from the respected outside observer, Mr. Vladimir Reisky de Dubnic, whose letter and memorandum are enclosed.

Although several weeks have passed since they were written, Mr. Reisky's observations are of direct contemporary interest. Please try to give them more than a quick glance and then let me have any reaction which might occur to you. I was particularly struck by the suggestion on p. 3 of the memorandum that President Kennedy should dispatch tractors and other agricultural implements to Northeast Brazil as a stimulant to the Brazilian agrarian reform program.

Best wishes.

Sincerely,

Hubert H. Humphrey

Hubert H. Humphrey

Letter and enclosures, if any,
 microfilmed by RSWP

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enc. ✓
 8/13/62
 (6)

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0849

My ~~new~~ address is:
Rua dos Oitis 26
Gavea, Rio de Janeiro
Brazil

Leg. FP. BRAZIL.

INSTITUTO DE DIREITO PÚBLICO E CIÊNCIA POLÍTICA
D A
FUNDAÇÃO GETÚLIO VARGAS

Conselho Diretor:

Presidente

THEODORO BRANCO CAVALCANTI

Membros

BARBOSA LIMA SOBRINHO

ELIAS PINTO

CAIO TÁCITO

CARLOS MEDeiros SILVA

HERNANI LIMA

JOSÉ MANSURINI

SAN TIAGO DANTAS

SEABRA FAGUNDES

VICTOR NUNES LEAL

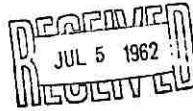
RIO DE JANEIRO

PRAÇA DE BOTAFOGO, 106

Caixa Postal 4.681

June 23, 1962

The Honorable Hubert H. Humphrey
United States Senator
United States Senate
Senate Building
Washington, D.C.



Dear Senator Humphrey:

Thank you for your letter of June 5, which only now reached me because my address has changed. Enclosed you will find answers to your questions; I would like to add that the situation is so uncertain at the moment that even Brazilians who are well informed hesitate to make predictions, or make very wild ones. (As, for example, at a dinner given in honor of Henry Kissinger, when journalist Samuel Weiner said to us that there is a possibility that Brazil will develop toward a system akin to that of Tito's Yugoslavia.) Predictions vary, depending on to whom one speaks, from the possibility of a Communist type of takeover to the possibility of a military coup of the center and rightist forces. I have made a short analysis, trying not to be influenced by the wild rumors that are circulating.

I am encouraged by your keen interest in Brazil and only hope that the United States' policies to Latin America will be bold enough to help to stem extremist developments.

I have just sent a draft of my manuscript, Politics and Political Parties in Brazil, to Mr. Kirkpatrick, of the American Political Science Association, and hope to have it published soon. I shall now make a study of the forthcoming October Congressional Elections; I would be glad to maintain communication with you on Brazilian political trends, since I am going to be here for another half or one year.

With best regards,

Sincerely yours,
Vladimir Reisky de Dubnic
Vladimir Reisky de Dubnic

P.S. Please give my regards to
Senator Fulbright.

VRD/ml

0850

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Question: Is the Alliance for Progress working? Are the projects and programs under the Alliance for Progress helping the people? What do the people feel and think about the United States?

Answer: The Brazilian Government does not have any overall plan which would integrate the various local development proposals submitted up to now to the U.S. technical authorities. Only this June a Brazilian Federal coordination commission was formed to work out an overall plan which would set the priorities and organize the aid program from the Brazilian side.

Psychological impact of the Alliance for Progress.

The main criticism of the Alliance by the elites who belong to the desenvolvimentista^{1/} school of thought is that it would not help industrialisation. They claim that the Alliance will in fact retard industrial development, because of the concentrated effort on assistance in housing, sanitation, health, etc. Some go so far as to claim that the U.S. really wants to keep Brazil down in its industrial expansion, and try to give as proof the social welfare emphasis of the Alliance.

Thus no credit is given to the humane aspects of the Alliance which strive to improve education and the standard of living. In order that these critics of the Alliance do not appear oblivious to the suffering of the population, they claim that in the long run only heavy and rapid industrialization of Brazil can help the standard of living of the masses.

^{1/} Advocates rapid industrialization at any price, whether it be human hardship, or the loss of liberty and democratic system of government.

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The intelligentsia thus does not condemn the Alliance only because of the effect on them of Communist propaganda but also because of their sincere conviction that the predominantly welfare character of the Alliance will not speed up heavy industrialization, which they feel is the panacea for all Brazil's troubles. In the eyes of the desenvolvimentista elites, who heavily influence public opinion, long term credits for buying heavy machinery for industrialization would be more helpful than the Alliance for Progress program.

As far as the humble people are concerned, they are hardly conscious of the Alliance for Progress program. Since more than fifty percent of the population is illiterate, radio propaganda would be helpful for publicising the work achieved by the Alliance. The rest of the population which is literate hardly finds anything in headline form about the Alliance for Progress projects in the papers. The regional development project inaugurated by the U.S. Ambassador in the states of Pernambuco, Bahia, and Guanabara with the local state authorities is getting mostly back page coverage (except for two pro-U.S. papers, O Globo and Estado de Sao Paulo). I have yet to read in a Brazilian paper a breakdown, state by state, of the programs planned or already in actual implementation under the Alliance. I would warn however against too much stress on advance publicity, since the population is so irritated by Brazilian and U.S. promises, having seen no concrete results, that the only good publicity would be that on work actually begun, when the first school is built, first canal constructed, etc.

1. Some of the poorest people living in shacks have small transistor radios, acquired to listen to football games. A transistor radio is an important status symbol.

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The time gap between planning and execution is inevitable and, especially in Brazil, it is a big one, because of the traditionally slow-moving bureaucracy and lack of experience in coordinating. On top of this there is at the moment a virtual absence of Federal Government authority, and were it not for the ^{gestures of the armed forces to maintain order} political force of the ^{and for the} governors in the states there would be anarchy in most parts of Brazil.

Good idea

Under the above circumstances, the time gap between promise and execution is a most dangerous one. In this context I have a proposal to make which I believe would be of great psychological value, and I would appreciate it, Mr. Senator, if you would comment on it or eventually support it should you agree with it. It would have a great impact if President Kennedy before or immediately after his trip down here would order tractors and agricultural implements dispatched to the Northeast of Brazil as aid to the Brazilian agrarian reform, which does not seem to be getting under way. Such action would have more psychological value than the U.S. financial aid, which is not comprehended by the population and is invisible to them. Possible objections to this proposal center around the assumption that immediate action is technically almost impossible due to the need of prior agreement with the Brazilian Federal authorities and due to the necessity of prior planning. However a direct agreement with the state of Pernambuco where there is currently still a pro-U.S. Governor would avoid bureaucratic

0853

delay. Brazilians are excellent improvisors and if too much planning is involved, things usually turn out completely differently here. Thus plans for utilizing such a shipment would not compensate for the momentum which would be lost. To give one example of difficulties arising if Brazilian federal planning is involved, the Governor of Pernambuco related to me last month that he asked the U.S. Embassy about the progress of certain aid to his state and the reply was that everything was ready, that all depended now only on the Brazilian federal authorities. When he contacted the particular branch of the Brazilian federal government, the Governor was told that the Brazilian part of the plan was ready, and that the delay was with the U.S. authorities. (Later it came out that the delay was with the Brazilian authorities.) The Governor felt that he could not return empty handed again to his people after all the promises had been made. The time delay in all these aid programs is destroying their psychological effect. Too much apprehension on the side of the U.S. on the question of efficient planning would be misunderstanding the stage Brazil currently finds itself in. The greatest trouble is that Brazilian nationalism obscures not merely the possible political impact of U.S. aid, but also makes ^{US} technical interference on a large scale virtually impossible.

*This is one of
Cand. Campbell's
lines.*



The current Brazilian Ambassador to Bonn told this writer that "the Americans cannot expect too much efficiency in the implementation of the Alliance for Progress program. If we were efficient we would not need any Alliance for Progress, and we would have been developed long ago." Any evaluation of the Alliance's possible effect has to be made in the perspective of tremendous time and resources wasted. In order to lessen this waste my advice would be to bypass the Brazilian Federal government wherever it is possible and administer aid through state governments where there are U.S.-friendly governors. This is in part already being done, but not enough. The Brazilian federal government is currently incapable of administering the Alliance program. As to the Food for Peace program, the only solution for an equitable distribution among the most needy would be to use the organization of the Brazilian Army or an International Agency with ^{much more} trained personnel which would assure less corruption and more efficient distribution. The Brazilian federal government is not even capable today of enforcing the routine supply of Brazilian domestic food production to cities, which is being sabotaged by speculators and communists.

*Can do more
it will probably
increase*



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One cannot expect the Brazilian Federal nationalist-influenced machinery to advertise programs that are for the most part U.S.-financed. The United States also gets little benefit from its Alliance for Progress propaganda, for lack of adequate person-to-person contacts. Alliance for Progress pamphlets help little if they are found only in U.S. Consulates and libraries and not in Universities and schools. To make the Brazilians enthusiastic about the program would necessitate frequent personal contacts with organizations close to grass roots such as local government, schools, trade unions, etc. In this context it would be helpful if the USIS personnel in semi-developed countries would sit only half a day behind their desks and spend the rest in visiting with individuals, giving lectures to groups, and explaining the U.S. purpose of the Alliance, when the program gets really started. One cannot expect SUDENE (the Brazilian regional development planning agency for the Northeast) to view the Alliance for Progress operations as also designed to strengthen the U.S.-Brazilian ties when this organization consists of elements politically aloof (to put it mildly) to the United States.

*Dr. Kutzschel
Hane*

The idea that economic improvement by itself will make friends for the United States is utterly false. The absence of stress, from the United States' side, on the political purpose of the Alliance for Progress, is dooming the Alliance, as far as bringing about positive results in the way of closer political ties with Brazil is concerned.

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Question: What is your view of the present Government and particularly the Foreign Minister?

Answer: The regime (the Parliamentary system introduced after the resignation of Janio Quadros) as well as the government are not popular: firstly, because rapid inflation is not being contained and is causing serious hardship for the people, the result of which can be only popular unrest. Secondly, the parliamentary regime, because it is not properly understood in Brazil, contributes to the weakening of the executive power, so that except for the Armed Forces establishment the Federal Government has no authority. Because of its passivity, the Congress has lost prestige; it has difficulty in legislating since of the 389 legislators only 60 live in Brasilia and the rest commute infrequently. Thus, thirdly, the location of the capital of Brasilia contributes to the paralysation of the Federal Government.

the disintegration of
How far the authority of the regime has gone
can be seen in the fact that the government did not react to the public threat of some Trade Unions to declare a General Strike if the Congress does not approve San Tiago Dantas as the new Prime Minister. San Tiago Dantas himself, while expressing himself in favor of legality, did not care to condemn illegal pressures - since they were in his favor.

Because of (1) the absence of a strong executive, (2) the inactivity of Congress, (3) the catastrophic economic

0857

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situation of the masses, where shortages of rice, sugar and beans have been created artificially by an unholy alliance of speculators with the extreme left who would like to precipitate a revolution, and (4) because of the resignation of the Cabinet (interpreted as necessary under the Constitutional provisions of the Parliamentary system), the power vacuum is growing and this tempts extreme groups to assert themselves. Brazil is in fact in a situation where extremes feel compelled to act. On one side the Communists and the extreme left fear the outcome of the October election and thus pressure for a leftist Cabinet which could influence the election; and on the other hand the center forces, to counteract these menacing pressures, are linking themselves with the right, and the right would like to interfere with a military coup, which according to them is the only way to avoid chaos and a collapse of the existing institutions, which ^{in turn} would bring the Communists to power.

Joao Goulart is the key to the situation, for the very reason that the personalist concept of the presidency has not disappeared even under parliamentarism. Should the right and center observe that Goulart is becoming a tool in the hands of the extreme left and that a gradual takeover is taking place, they would attempt a coup. Should the left suspect that Goulart is really becoming politically influenced by the center, they might make his position difficult by staging strikes, provoking unrest, etc., in order to gain his cooperation by way of intimidation. They might also provoke

0858

a civil war without wanting to do so - by threats which would get out of hand.

The master plan of the left is merely to threaten with revolutionary upheavals in order to influence the elites to give in to them gradually and peacefully, and especially in order to gain Goulart. They believe that the role of San Tiago Dantas, in this context of the gradual takeover, is becoming crucial. He is being used by the extreme left to attract centrist reformers; for the extreme left cannot take over Brazil peacefully without the help of the center, and San Tiago was believed to be just the man to gain the center; he is a cultured man, upper middle class, and today a millionaire. He is thus the bridge over which the wealthy man believes he can find his way to the extreme left, without losing economically. The campaign of his adversaries revealing his opportunism, however, makes him mistrusted. His record shows few political convictions. If it should prove convenient to his ambitions there is little doubt that he would promote to power his supporters of the extreme left. A polarization of forces is becoming apparent, where on one hand one finds the extreme left (and some well meaning reformers) behind San Tiago Dantas and on the other all those who consider Dantas untrustworthy.

The extreme left would like to picture the situation in simple terms, branding those who are against Dantas as being against reforms. This of course is a distortion, for social reactionaries are in all parties and the party of

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Goulart, the PTB (to which San Tiago belongs) is not free from them. What the country needs today is clear statements of policies and corresponding action, and not manoeuvres where it is anybody's guess with whom within Brazil Mr. Dantas really sides, and whether he is going to do what he says, or just the opposite.

rely from

Dantas is not dangerous because of his ideas for reform, he is dangerous because of his tactics; and often bad tactics spoil good policies. While San Tiago Dantas is not a Communist sympathizer, he sits, for tactical reasons of his own, on two chairs, which in the context of social unrest and economic hardship (now afflicting also the middle classes) and of the cold war reaching Brazil, is an insupportable position for San Tiago as well as for Brazil.

0860

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Question: Did we push too hard on the Castro issue at Punta del Este?

Answer: No. The U.S. position at Punta del Este had an encouraging effect on the anti-Communist forces in Brazil. The position assumed by San Tiago Dantas at the conference brought about more opposition in Brazil than he himself realized it would. San Tiago Dantas' popularity with the center forces declined because of his refusal to join the common front against Castro. To make Dantas' stand seem less isolated, his backers in Brazil were claiming that the United States was divided on what position to assume at Punta del Este. Some Brazilian papers gave big headlines to Chester Bowles' criticism of the "tough" U.S. position at Punta del Este. It was fortunate that it was Rusk who prevailed and not Chester Bowles, for if the United States had adopted a mild position, it would not have gained new friends but lost old ones. Any U.S. vacillation on the Cuban question or on any other international question loses ^{its} sympathizers. Anti-U.S. sentiments are today so well manipulated by the extreme left that any mild U.S. approach would be immediately exploited by them, it would be explained as U.S. decline, capitalist decadence, etc., and would make the undecided ones jump on the Soviet bandwagon. Even if Bowles' theory that one should try to gain the left is right in the abstract, in Brazil the situation calls for a different approach,

0861

the left, even the well-meaning left, could hardly hold the line against Communism.

Question: Is President Goulart in control?

Answer: Since he assumed office in September 1961, he certainly has consolidated his position, and if he doesn't let himself be pressed too much by the extreme left he may preserve his national prestige. Under the Parliamentary system he cannot be expected to be in control. The current failure of the regime to initiate reforms is not his failure because the Parliamentary system which cannot cope with the situation was imposed upon him. If the country should return to the presidential system, as is the wish of most of the population, Goulart's powers would be vastly expanded, and only then could one see his capacity for leadership. He never was in a position of full responsibility, and thus his political victories were demagogic ones. Some people claim that actually his position as President under the limited responsibilities of the parliamentary system is ideally suited to him, because he has a lot of power to maneuver and less responsibility. The same people feel that should he become President with full powers, his prestige would not last long, politically. This is not Goulart's feeling however, since he would wish nothing more than to have the presidential powers increased by a change of the Constitution. At the moment nobody is in control in Brazil, and were it not for the Armed Forces there would be utter chaos here. The importance of State Government in this situation is increasing.



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13832

August 15, 1962

FILE

Dear Hubert:

Thanks alot for sending me Vladimir Reisky's report from Brazil. I have looked it over with keen interest and noted especially his observation that economic growth alone is not sufficient to create a healthy society. With this I heartily agree.

I am not in agreement with his emphasis on the importance of the United States making "friends" through its aid program. As you and I have often noted, true friendship will develop only as self-confidence and self-respect develop. In the process, there may be some painful moments but these we must be mature enough to accept.

A message I sent to the recent Conference on Tensions in Latin America touches on this and other points. I enclose a copy.

With my warmest regards,

Sincerely,

USA Chat

Chester Bowles
President's Special Representative

Enclosure. *RR-488*
10/23/62 2 to

The Honorable
Hubert H. Humphrey,
United States Senate,
Washington, D.C.

S/S-RO
AUG 17 1962

2 into copy of signed original

AER:ea

cc To SR.

132.00/8-962

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A CONGRESSIONAL - FOR IMMEDIATE ACTION

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United States Senate
 COMMITTEE ON FOREIGN RELATIONS

August 9, 1962

SR
 ACTION
 is assigned to
 ARA

13832

The Honorable Chester Bowles
 Special Adviser to the President
 Department of State
 Washington 25, D. C.

Dear Chet:

Not long ago I queried some of my friends and acquaintances in Brazil concerning the political situation there and their assessment of the Alliance for Progress in Brazil. One of the most impressive answers came from the respected outside observer, Mr. Vladimir Reisky de Dubnic, whose letter and memorandum are enclosed.

Although several weeks have passed since they were written, Mr. Reisky's observations are of direct contemporary interest. Please try to give them more than a quick glance and then let me have any reaction which might occur to you. I was particularly struck by the suggestion on p. 3 of the memorandum that President Kennedy should dispatch tractors and other agricultural implements to Northeast Brazil as a stimulant to the Brazilian agrarian reform program.

Best wishes.

Sincerely,

Hubert H. Humphrey

Hubert H. Humphrey

FILED
 APR 10 1963

Letter and enclosures, if any,
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My new address is:
Rua dos Oitis 26
Gavea, Rio de Janeiro
Brazil

Leg. FP. BRAZIL.

INSTITUTO DE DIREITO PÚBLICO E CIÊNCIA POLÍTICA
DA
FUNDAÇÃO GETÚLIO VARGAS

Conselho Diretor:

Presidente

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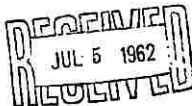
VICTOR RUIZ LEAL

RIO DE JANEIRO

PRACA DE SOTAFOGO, 164
Cidade Postal 4.081

June 23, 1962

The Honorable Hubert H. Humphrey
United States Senator
United States Senate
Senate Building
Washington, D.C.



Dear Senator Humphrey:

Thank you for your letter of June 5, which
only now reached me because my address has changed.
Enclosed you will find answers to your questions; I
would like to add that the situation is so uncertain
at the moment that even Brazilians who are well in-
formed hesitate to make predictions, or make very
wild ones. (As, for example, at a dinner given in
honor of Henry Kissinger, when journalist Samuel
Weiner said to us that there is a possibility that
Brazil will develop toward a system akin to that of
Tito's Yugoslavia.) Predictions vary, depending on
to whom one speaks, from the possibility of a Communist
type of takeover to the possibility of a military
coup of the center and rightist forces. I have
made a short analysis, trying not to be influenced
by the wild rumors that are circulating.

I am encouraged by your keen interest
in Brazil and only hope that the United States'
policies to Latin America will be bold enough to
help to stem extremist developments.

I have just sent a draft of my manuscript,
Politics and Political Parties in Brazil, to Mr. Kirkpatrick,
of the American Political Science Association, and hope
to have it published soon. I shall now make a study of
the forthcoming October Congressional Elections; I would
be glad to maintain communication with you on Brazilian
political trends, since I am going to be here for
another half or one year.

With best regards,

Sincerely yours,
Vladimir Reisky de Dubnic
Vladimir Reisky de Dubnic

P.S. Please give my regards to
Senator Fulbright.

VRD/ml

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Question: Is the Alliance for Progress working? Are the projects and programs under the Alliance for Progress helping the people? What do the people feel and think about the United States?

Answer: The Brazilian Government does not have any overall plan which would integrate the various local development proposals submitted up to now to the U.S. technical authorities. Only this June a Brazilian Federal coordination commission was formed to work out an overall plan which would set the priorities and organize the aid program from the Brazilian side.

Psychological impact of the Alliance for Progress.

The main criticism of the Alliance by the elites who belong to the desenvolvimentista^{1/} school of thought is that it would not help industrialisation. They claim that the Alliance will in fact retard industrial development, because of the concentrated effort on assistance in housing, sanitation, health, etc. Some go so far as to claim that the U.S. really wants to keep Brazil down in its industrial expansion, and try to give as proof the social welfare emphasis of the Alliance.

Thus no credit is given to the humane aspects of the Alliance which strive to improve education and the standard of living. In order that these critics of the Alliance do not appear oblivious to the suffering of the population, they claim that in the long run only heavy and rapid industrialization of Brazil can help the standard of living of the masses.

^{1/} Advocates rapid industrialization at any price, whether it be human hardship, or the loss of liberty and democratic system of government.

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The intelligentsia thus does not condemn the Alliance only because of the effect on them of Communist propaganda but also because of their sincere conviction that the predominantly welfare character of the Alliance will not speed up heavy industrialization, which they feel is the panacea for all Brazil's troubles. In the eyes of the desenvolvimentista elites, who heavily influence public opinion, long term credits for buying heavy machinery for industrialization would be more helpful than the Alliance for Progress program.

As far as the humble people are concerned, they are hardly conscious of the Alliance for Progress program. Since more than fifty percent of the population is illiterate, radio propaganda would be helpful for publicising the work achieved by the Alliance. The rest of the population which is literate hardly finds anything in headline form about the Alliance for Progress projects in the papers. The regional development project inaugurated by the U.S. Ambassador in the states of Pernambuco, Bahia, and Guanabara with the local state authorities is getting mostly back page coverage (except for two pro-U.S. papers, O Globo and Estado de Sao Paulo). I have yet to read in a Brazilian paper a breakdown, state by state, of the programs planned or already in actual implementation under the Alliance. I would warn however against too much stress on advance publicity, since the population is so irritated by Brazilian and U.S. promises, having seen no concrete results, that the only good publicity would be that on work actually begun, when the first school is built, first canal constructed, etc.

1. Some of the poorest people living in shacks have small transistor radios, acquired to listen to football games. A transistor radio is an important status symbol.

0868

The time gap between planning and execution is inevitable and, especially in Brazil, it is a big one, because of the traditionally slow-moving bureaucracy and lack of experience in coordinating. On top of this there is at the moment a virtual absence of Federal Government authority, and were it not for the ^{gestures of the armed forces to maintain order} political force of the ~~governors~~ and for the governors in the states there would be anarchy in most parts of Brazil.

Under the above circumstances, the time gap between promise and execution is a most dangerous one. In this context I have a proposal to make which I believe would be of great psychological value, and I would appreciate it, Mr. Senator, if you would comment on it or eventually support it should you agree with it. It would have a great impact if President Kennedy before or immediately after his trip down here would order tractors and agricultural implements dispatched to the Northeast of Brazil as aid to the Brazilian agrarian reform, which does not seem to be getting under way. Such action would have more psychological value than the U.S. financial aid, which is not comprehended by the population and is invisible to them. Possible objections to this proposal center around the assumption that immediate action is technically almost impossible due to the need of prior agreement with the Brazilian Federal authorities and due to the necessity of prior planning. However a direct agreement with the state of Pernambuco where there is currently still a pro-U.S. Governor would avoid bureaucratic



delay. Brazilians are excellent improvisors and if too much planning is involved, things usually turn out completely differently here. Thus plans for utilizing such a shipment would not compensate for the momentum which would be lost. To give one example of difficulties arising if Brazilian federal planning is involved, the Governor of Pernambuco related to me last month that he asked the U.S. Embassy about the progress of certain aid to his state and the reply was that everything was ready, that all depended now only on the Brazilian federal authorities. When he contacted the particular branch of the Brazilian federal government, the Governor was told that the Brazilian part of the plan was ready, and that the delay was with the U.S. authorities. (Later it came out that the delay was with the Brazilian authorities.) The Governor felt that he could not return empty handed again to his people after all the promises had been made. The time delay in all these aid programs is destroying their psychological effect. Too much apprehension on the side of the U.S. on the question of efficient planning would be misunderstanding the stage Brazil currently finds itself in. The greatest trouble is that Brazilian nationalism obscures not merely the possible political impact of U.S. aid, but also makes ^{US} technical interference on a large scale virtually impossible.

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The current Brazilian Ambassador to Bonn told this writer that "the Americans cannot expect too much efficiency in the implementation of the Alliance for Progress program. If we were efficient we would not need any Alliance for Progress, and we would have been developed long ago." Any evaluation of the Alliance's possible effect has to be made in the perspective of tremendous time and resources wasted. In order to lessen this waste my advice would be to bypass the Brazilian Federal government wherever it is possible and administer aid through state governments where there are U.S.-friendly governors. This is in part already being done, but not enough. The Brazilian federal government is currently incapable of administering the Alliance program. As to the Food for Peace program, the only solution for an equitable distribution among the most needy would be to use the organization of the Brazilian Army or an International Agency with ^{much more} trained personnel which would assure less corruption and more efficient distribution. The Brazilian federal government is not even capable today of enforcing the routine supply of Brazilian domestic food production to cities, which is being sabotaged by speculators and communists.

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One cannot expect the Brazilian Federal nationalist-influenced machinery to advertise programs that are for the most part U.S.-financed. The United States also gets little benefit from its Alliance for Progress propaganda, for lack of adequate person-to-person contacts. Alliance for Progress pamphlets help little if they are found only in U.S. Consulates and libraries and not in Universities and schools. To make the Brazilians enthusiastic about the program would necessitate frequent personal contacts with organizations close to grass roots such as local government, schools, trade unions, etc. In this context it would be helpful if the USIS personnel in semi-developed countries would sit only half a day behind their desks and spend the rest in visiting with individuals, giving lectures to groups, and explaining the U.S. purpose of the Alliance, when the program gets really started. One cannot expect SUDENE (the Brazilian regional development planning agency for the Northeast) to view the Alliance for Progress operations as also designed to strengthen the U.S.-Brazilian ties when this organization consists of elements politically aloof (to put it mildly) to the United States.

The idea that economic improvement by itself will make friends for the United States is utterly false. The absence of stress, from the United States' side, on the political purpose of the Alliance for Progress, is dooming the Alliance, as far as bringing about positive results in the way of closer political ties with Brazil is concerned.

0872

Question: What is your view of the present Government and particularly the Foreign Minister?

Answer: The regime (the Parliamentary system introduced after the resignation of Janio Quadros) as well as the government are not popular: firstly, because rapid inflation is not being contained and is causing serious hardship for the people, the result of which can be only popular unrest. Secondly, the parliamentary regime, because it is not properly understood in Brazil, contributes to the weakening of the executive power, so that except for the Armed Forces establishment the Federal Government has no authority. Because of its passivity, the Congress has lost prestige; it has difficulty in legislating since of the 389 legislators only 60 live in Brasilia and the rest commute infrequently. Thus, thirdly, the location of the capital of Brasilia contributes to the paralysation of the Federal Government.

the disintegration of
How far the authority of the regime has gone can be seen in the fact that the government did not react to the public threat of some Trade Unions to declare a General Strike if the Congress does not approve San Tiago Dantas as the new Prime Minister. San Tiago Dantas himself, while expressing himself in favor of legality, did not care to condemn illegal pressures - since they were in his favor.

Because of (1) the absence of a strong executive, (2) the inactivity of Congress, (3) the catastrophic economic



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situation of the masses, where shortages of rice, sugar and beans have been created artificially by an unholy alliance of speculators with the extreme left who would like to precipitate a revolution, and (4) because of the resignation of the Cabinet (interpreted as necessary under the Constitutional provisions of the Parliamentary system), the power vacuum is growing and this tempts extreme groups to assert themselves. Brazil is in fact in a situation where extremes feel compelled to act. On one side the Communists and the extreme left fear the outcome of the October election and thus pressure for a leftist Cabinet which could influence the election; and on the other hand the center forces, to counteract these menacing pressures, are linking themselves with the right, and the right would like to interfere with a military coup, which according to them is the only way to avoid chaos and a collapse of the existing institutions, which ^{in turn} would bring the Communists to power.

Joao Goulart is the key to the situation, for the very reason that the personalist concept of the presidency has not disappeared even under parliamentarism. Should the right and center observe that Goulart is becoming a tool in the hands of the extreme left and that a gradual takeover is taking place, they would attempt a coup. Should the left suspect that Goulart is really becoming politically influenced by the center, they might make his position difficult by staging strikes, provoking unrest, etc., in order to gain his cooperation by way of intimidation. They might also provoke

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a civil war without wanting to do so - by threats which would get out of hand.

The master plan of the left is merely to threaten with revolutionary upheavals in order to influence the elites to give in to them gradually and peacefully, and especially in order to gain Goulart. They believe that the role of San Tiago Dantas, in this context of the gradual takeover, is becoming crucial. He is being used by the extreme left to attract centrist reformers, for the extreme left cannot take over Brazil peacefully without the help of the center, and San Tiago was believed to be just the man to gain the center; he is a cultured man, upper middle class, and today a millionaire. He is thus the bridge over which ^{believes he can} the wealthy man ^{can} find his way to the extreme left, without losing economically. The campaign of his adversaries revealing his opportunism, however, makes him mistrusted. His record shows few political convictions. If it should prove convenient to his ambitions there is little doubt that he would promote to power his supporters of the extreme left. A polarization of forces is becoming apparent, where on one hand one finds the extreme left (and some well meaning reformers) behind San Tiago Dantas and on the other all those who consider Dantas untrustworthy.

The extreme left would like to picture the situation in simple terms, branding those who are against Dantas as being against reforms. This of course is a distortion, for social reactionaries are in all parties and the party of

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Goulart, the PTB (to which San Tiago belongs) is not free from them. What the country needs today is clear statements of policies and corresponding action, and not manoeuvres where it is anybody's guess with whom within Brazil Mr. Dantas really sides, and whether he is going to do what he says, or just the opposite.

Dantas is not dangerous because of his ideas for reform, he is dangerous because of his tactics; and often bad tactics spoil good policies. While San Tiago Dantas is not a Communist sympathizer, he sits, for tactical reasons of his own, on two chairs, which in the context of social unrest and economic hardship (now afflicting also the middle classes) and of the cold war reaching Brazil, is an insupportable position for San Tiago as well as for Brazil.

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Question: Did we push too hard on the Castro issue at Punta del Este?

Answer: No. The U.S. position at Punta del Este had an encouraging effect on the anti-Communist forces in Brazil. The position assumed by San Tiago Dantas at the conference brought about more opposition in Brazil than he himself realized it would. San Tiago Dantas' popularity with the center forces declined because of his refusal to join the common front against Castro. To make Dantas' stand seem less isolated, his backers in Brazil were claiming that the United States was divided on what position to assume at Punta del Este. Some Brazilian papers gave big headlines to Chester Bowles' criticism of the "tough" U.S. position at Punta del Este. It was fortunate that it was Rusk who prevailed and not Chester Bowles, for if the United States had adopted a mild position, it would not have gained new friends but lost old ones. Any U.S. vacillation on the Cuban question or on any other international question loses us sympathizers. Anti-U.S. sentiments are today so well manipulated by the extreme left that any mild U.S. approach would be immediately exploited by them, it would be explained as U.S. decline, capitalist decadence, etc., and would make the undecided ones jump on the Soviet bandwagon. Even if Bowles' theory that one should try to gain the left is right in the abstract, in Brazil the situation calls for a different approach,

0877

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Under the Parliamentary system he cannot be expected to be in control. The current failure of the regime to initiate reforms is not his failure because the Parliamentary system which cannot cope with the situation was imposed upon him. If the country should return to the presidential system, as is the wish of most of the population, Goulart's powers would be vastly expanded, and only then could one see his capacity for leadership. He never was in a position of full responsibility, and thus his political victories were demagogic ones. Some people claim that actually his position as President under the limited responsibilities of the parliamentary system is ideally suited to him, because he has a lot of power to maneuver and less responsibility. The same people feel that should he become President with full powers, his practice would not last long, politically. This is not Goulart's feeling however, since he would wish nothing more than to have the presidential powers increased by a change of the Constitution. At the moment nobody is in control in Brazil, and were it not for the Armed Forces there would be utter chaos here. The importance of State Government in this situation is increasing.

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Department of State

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FROM: RIO DE JANEIRO

INFO:
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TO: Secretary of State

NO: 329, AUGUST 9

IN TV SPEECH BROADCAST RIO 1:00 A.M. AUGUST 8 TO BE REPEATED EVENING GUANABARA GOVERNOR CARLOS LACERDA CHARGED GOULART DELIBERATELY CREATED PRESENT CRISIS BY PREMIER NOMINATIONS AND IS PROLONGING BY DEMAND PLEBISCITE AND "SPECIAL POWERS" WHICH HE TERMED "OLD WIVES TALE" TO DISTRACT PUBLIC FROM FOOD SHORTAGES AND GOVERNMENT'S FAILINGS. "I AM HERE TO DEFEND CONGRESS", LACERDA STATED, INDICATING CHAMBER IS ORGAN PRESENT GOVERNMENT WITH BEST CLAIM TO REPRESENTATION PEOPLE. ADMITTING HE OPPOSED PARLIAMENTARY SYSTEM LACERDA NEVERTHELESS HESITATED DEMAND THAT PLEBISCITE, CALLING FOR EVENTUAL CHOICE NOT ONLY BETWEEN "EXAGGERATIONS" BOTH PARLIAMENTARIANISM AND PRESIDENTIALISM BUT UNELABORATED "DEMOCRATIC FORMULA" AS ADDITIONAL ALTERNATIVE.

RMR

ANY CASE NEW CONGRESS TO BE ELECTED OCTOBER SHOULD DECIDE ON PLEBISCITE. "LEGITIMACY" ARGUMENT FOR IMMEDIATE PLEBISCITE INVALID SINCE "IF ATO ADICIONAL... ILLEGITIMATE AS THEY AFFIRM PLEBISCITE CALLED FOR IN IT DOES NOT EXIST". SPECIAL POWERS DEMANDED NOT NEEDED, LACERDA SAID, FOR EXISTING LAW OR BILLS ALREADY IN CONGRESS WOULD PROVIDE MEANS FOR ENDING FOOD SHORTAGES AND CARRYING OUT AGRARIAN, BANKING AND TAX REFORM.

LACERDA ALSO TOUCHED ON: ADMINISTRATION'S FOREIGN POLICY ("INTERNATIONAL FEDANTRY WITH INDEPENDENT LABEL"); ALLIANCE FOR PROGRESS (SABOTAGED IN OUR COUNTRY); STUDENT STRIKE; LACERDA OPPOSED ONE-THIRD STUDENT REPRESENTATION ON UNIVERSITY COUNCILS; COMMUNIST DOMINATION UNIONS.

ABOVE SUMMARY FROM PRESS REPORTS NECESSARILY INCOMPLETE IN VIEW BROADCAST HOUR. DELIVERY SPEECH DELAYED BECAUSE APPLICATION

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INCOMING TELEGRAM

59
Department of State

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36-32-M

Action:

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Rec'd: August 10, 1962
1:32 p.m. B

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FROM: Salvador

SS
SP
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IOP
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TO: Secretary of State

NO: 6, August 9, 9 p.m.

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[Handwritten signature]
KMR - *[initials]*
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NIACT

ACTION DEPARTMENT 6, INFORMATION RIO DE JANEIRO UNNUMBERED.

LIMIT DISTRIBUTION.

FROM GORDON.

1. I reviewed current crisis in private interview this morning with Juracy Magalhaes, one of strongest democratic leaders in country, closely in touch with Lacerda and important military circles. He is aware Heck attitudes, but continues discount Heck's capacity successful coup. Discounts realism Heck's allegations significant conspiracy led by Goulart. Believes Goulart's key objective is bargaining and pressuring for earliest possible plebiscite out of fear that new congress would not yield but present one may be frightened into agreement. Feels most likely outcome is agreement on plebiscite for April 1963, which Goulart would accept and which could be reverse by new congress of Goulart acting to badly early next year. Juracy's own position is that Goulart would tend act more responsible with formal powers and could be held accountable to strong congress, which might impeach him if necessary. Also believes compromise should include congressional right to remove individual Ministers by no-confidence votes.

2. On military situation, Juracy surprised by Nelson Demelo statement Monday supporting early plebiscite. Attributes to Nelson slow intelligence and capacity for being taken in by legalist.

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-2-6, August 9, 9 p.m. from Salvador.

legalistic formulas. But confident that Nelson would oppose any outright coup against congress, and has telegram from Lacerda reporting talk with Nelson and latter's indication some public misunderstanding his statement and his continued support for congress as one of constituted authorities. Juracy concerned by command changes but believes officers continue overwhelmingly support legality and not willing obey orders from such suspect commanders as Osvaldo Alves if clearly contrary legality.

3. On immediate outlook, Juracy regards Brochado postponement message to congress as favorable sign of distancing* from massive pressuring of congress. On other hand, worried by strange silence left-wing labor and student leaders in recent days, fearing possible organized mass demonstrations next week. Says Nelson Demelo has privately declared will not tolerate general strike.

4. In view restlessness situation and Bonds imminent departure, I am planning return Rio Saturday by air mission plane already standing by for me here. This will permit fulfillment various commitments here to tensions conference, local press and TV, receiving Moscoso, and public conferment of decoration on Juracy Friday evening. For Rio only ETA 1500 Saturday. Request availability Dean, Marelius, and such others as you suggest for meeting my office 4 p.m. Saturday to review all developments.

KEYSER

JAK

*As received, will be serviced upon request.

NOTE: Advance copies to ARA and SS 8/10/62 - CWO-M.

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United States Department of State

OFFICE OF THE SECRETARY OF STATE
WASHINGTON, D.C. 20520

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NOV 3 10 20 AM '52

~~TOP SECRET~~ ACTION - Embassy RIO DE JANEIRO ~~STATE 419~~

FROM MARTIN FOR EMBASSY GORDON

Tried unsuccessfully reach you by phone all day yesterday. It is believed here that it would be desirable for you to be in Rio or Brasilia at this time.

END

FUSK

(2)

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| 3 | 1 | 10 | TO Embassy RIO DE JANEIRO | | |
| 2 | | 11 | FROM Department of State DATE: Nov 9 3:33 PM '62 | | |
| ICG | 3 | | SUBJECT: U.S. Financial Policy Toward Brazil. | | |
| AGR | CON | FEB | REF | | |
| 10 | 2 | | Ambassador Gordon met with representatives of interested Washington agencies on July 27, 1962, to present his views on the current political and economic situation in Brazil and to endeavor to determine what the United States financial assistance policy toward Brazil should be in the light of recent political developments and Brazil's failure to carry out an effective stabilization program. The following conclusions were reached. | | |
| INR | LAB | TAR | 1. There is little expectation on the part of the U.S. Government that a meaningful Brazilian-IMF agreement is possible at least prior to the October elections. In any case, it would be politically unwise for the U.S. to take the lead in pressing this course of action at this time. If the Brazilians take the initiative, however, we should of course welcome it. | | |
| 2 | 2 | | 2. Despite the return of Moreira Salles as Finance Minister, there is little expectation that financial stabilization measures meriting U.S. financial support will be carried out in the near future. | | |
| NAVY | 10 | NAVY | 3. Given the two previously stated conclusions, partial or total releases of funds for balance of payments purposes from the \$80 million remaining in the stabilization package agreed in May, 1961, might be of no real value in encouraging effective stabilization action. | | |
| 12 | 8 | | 4. The U.S. * Corrected figures show \$80 million remaining rather than previously used figure of \$74 million. \$10 million difference represents foreign EXIM funds not included in the stabilization package already approved. | | |
| Desired Distributions: | | | CONFIDENTIAL | | |
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| 8/3/62 | | | EST - Mr. Wellman / Mr. Gordon (to Brazil) | | |
| EAS | | | EST/D - Mr. Wilson / IMF - Mr. Bradford (Informal) | | |
| E - PM - Mr. Palmer / PMP | | | Treasury - Mr. Costanzo - EIA - Mr. Shields | | |



A-44, RIO DE JANEIRO

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4. The U.S. can do no more than it has heretofore done in urging European releases from the European contributions contingently agreed in 1961. French government officials are already facing embarrassment because of the assurances they gave French banks that Brazil would live up to its stabilization commitments. Further pressure on the Europeans in Brazil's behalf would not be productive of more aid for Brazil and might inhibit European participation in packages for other countries.

5. PL 480 and U.S. aid to decentralized entities (e.g. States and Northeast Program) will continue. The risk that such aid will permit diversion of resources to the Federal Government must be accepted.

6. GOB should be informed that as alternative to original proposal, projects which meet normal criteria will be considered for financing from the AID funds remaining in the 1961 package. Eximbank is prepared to consider projects out of the \$33 million remaining from the 1961 package subject to the reservations expressed by Linder to Ambassador Gordon about deferring action until the situation in Brazil is more clear. (Remaining Treasury funds in 1961 package obviously not available for projects.)

7. Goulart and other members of the GOB must be unequivocally and forcefully told that additional balance of payments assistance will not be provided prior to demonstrated effectiveness of stabilization measures. The GOB probably still assumes that it will again be bailed out. It is in the U.S. interest to disabuse the GOB of any such beliefs.

8. It has been suggested that the GOB may threaten to turn to the USSR for financial aid. The USG conclusion is that it is highly unlikely that the GOB will in fact turn to the USSR for aid and even less likely that any such aid would be received if such a request were made. This is a risk that the USG can accept.

9. ~~(The USG should be aware that the GOB is likely to turn to the USSR for financial aid if the USG does not provide the necessary assistance.)~~ In view of the approximate \$500 million level of foreign exchange payments on existing obligations due in the last half of 1962, even the entire available \$84 million from the 1961 package would not go far to alleviating the Brazilian payments problem in the absence of effective stabilization measures. Release of the entire remaining \$84 million might result in suppliers extending some additional credit to Brazil. Such a policy could help postpone the problem for a few months. Debt service in 1963 is radically higher than in 1962. There is very little (only about \$15 million) in the existing schedule of foreign debt payments due in 1962 that the U.S. Government could postpone; most of the relief obtainable in this way was already used in 1961. Approximately \$29 million of the \$46.5 million due the IMF in 1962 possibly can be further postponed, even if no new IMF stabilization agreement is reached by the due date. The remainder, however, must be paid, as the 5 year limit will have been reached. European governments have clearly indicated that in the absence of a meaningful stabilization program they are no more inclined to stretch out debt repayments than to extend new credits.

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FROM: Rio de Janeiro

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TO: Secretary of State

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NO: 357, August 10, 4 p.m.

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Following from Brasilia:

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Goulart forces yesterday began second attempt get Supreme Electoral Tribunal set early plebiscite date (first ended July 25 in 4-3 defeat Embassy telegram 218). Badger Silveira applied to Tribunal for injunction against Ato Adicional claiming as candidate (PTB) forthcoming gubernatorial election Rio state he entitled know form of government he will accede to if elected (Ato Adicional requires state governments eventually adopt parliamentary form). Injunction also requests Tribunal set plebiscite date arguing since recently enacted Lei Complementar (A-129) failed mention plebiscite, date-setting function reverts Tribunal under paragraph 5 Article 119 of Constitution.

Possibly more important than legal argument is fact Justice Candido Lobo who voted with majority in July 25 decision has since completed his term on court and was replaced August 8 by Justice Vasco Henrique Davila, representing Federal Appeals Tribunal. Reversal previous decision probably now hangs on new member. Tribunal not expected conduct case before middle next week at earliest.

On legislative front, Council of Ministers reportedly preparing ask Congress pass law by simple majority "interpreting" Article 25 Ato Adicional delegating to Supreme Electoral Tribunal responsibility set plebiscite date prior January 20, 1963.

Revoluted by RM/R

GORDON

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FROM : AMCONSUL, Belo Horizonte

DATE: August 10, 1962

SUBJECT : POLITICAL SUMMARY FOR JULY 1962 - STATE OF MINAS GERAIS

REF : -

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1. Reaction to Political Crisis
2. State Cabinet Changes
3. National Congress of Home Economics
4. Governor Magalhães Pinto's Purported Criticism of the Alliance for Progress
5. Inauguration of Hydroelectric Turbines
6. University Students' Strike
7. Arrival of New West German Consul
8. Electoral Developments
 - a. Campaign Activities of the Social Democratic Party
 - b. Unlikelihood of Center Parties Alliance

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FORM 4-62 DS-323

Drafted by: *EdaSilveira:rkfk* 8/10/1962

Contents and Classification Approved by:

Clearances:

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- c. Presidentialism versus Parliamentarianism
- d. Leadership in the Social Democratic Party
- e. Possible Senatorial Candidates
- f. Federal Deputy Tancredo Neves' Press Interview
- g. Reaction of the National Democratic Union President to Governor Magalhães Pinto's Position in Favor of Plebiscite
- h. Alleged Assassination Attempt Against PSD Federal Deputy

- - -

1. Reaction to Political Crisis

The political crisis stemming from the difficulties in forming a new Federal Cabinet and the subsequent power struggle between the executive and legislative branches of the government dominated the political scene throughout the period under review. In general, it may be said that the reaction to the political crisis has made itself felt in terms of presidentialism versus parliamentarianism, with the presidentialists approving and supporting the new Cabinet and a plebiscite on the form of government to be adopted in Brazil.

Reaction to the Cabinet has also been conditioned by its position in favor of holding a plebiscite. To the extent that the Cabinet has advocated a plebiscite, Congressmen have increasingly displayed their animosity toward the Cabinet in the belief that a plebiscite is favored only by those who wish to bring about a return to the presidentialist system and in the fear that a majority of the voters do in fact want a return to presidentialism.

This opposition, however, is couched in abstruse language, dealing with the crisis more often than not in terms of Constitutional legality and juridical interpretations. The overwhelming reaction, as reflected in the pronouncement of political leaders and the press, has been critical of the Cabinet and of the proposal for a plebiscite. Notable exceptions to this position are Governor Magalhães PIMTO and Senator Juscelino KUBITSCHEK. In most of the personal contacts the reporting officer has had, however, he has gained the impression that there is a strong undercurrent of feeling for a return to the presidential system that well justifies the fears of those Congressmen who are opposed to the plebiscite idea.

Although the Minas Gerais delegation in the Chamber of Deputies voted overwhelmingly for the new Prime Minister, this vote reflected less a

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measure of confidence in the new Cabinet than a desire to put an end to the prolonged political crisis and allow the deputies to return to their home districts for purposes of electioneering.

Of the 39 Federal deputies in the Minas Gerais delegation only nine voted against Prime Minister BROCHADO DA ROCHA. One other abstained. The other 29 voted in favor. Except for the Labor Party (PTB) deputies, the reaction of most of the other deputies belied the results of the voting. Typical of this reaction were statements made by two National Democratic Union (UDN) Federal deputies from Minas Gerais on their return to Belo Horizonte. The two deputies were Bilac PINTO and Oscar Dias CORREIA, both former Secretaries in Governor Magalhães Pinto's Cabinet who left their posts in the Cabinet in order to run for reelection as Federal deputies.

Their reaction is noteworthy, not only because it is typical but also because it contrasts sharply with that of UDN Governor Magalhães Pinto. Deputy Bilac Pinto, who voted in favor of Prime Minister Brochado da Rocha, expressed his misgivings by saying that he had voted in favor because he had realized the urgency of forming a Cabinet, and that he had voted against the approval of the Cabinet as a whole because it already had the necessary number of votes for approval. Deputy Oscar Correia, who voted against Prime Minister Brochado da Rocha, was more straightforward in his reasons. "The Cabinet was approved," he said, "because of the desire of the deputies to return to their respective States and take care of other matters... The Cabinet was badly constituted. It has few possibilities of lasting, not only because of Constitutional limitations but also because of the internal contradictions that characterize it. I do not believe that the Chamber will give the Council of Ministers the delegation of powers that the Cabinet demands because, in truth, the Cabinet does not deserve the confidence of the parliamentary majority."

Although by his full support of the Brochado da Rocha Cabinet, Governor Magalhães Pinto has placed himself in opposition to his own party's position, he has some good personal reasons for that attitude. The most important of these is the fact that the new Prime Minister was one of the signers of the Magalhães Pinto-sponsored Araxá Declaration which recommended to the Federal Government the adoption of a number of basic reforms and emergency measures (see Consulate's despatch No. 36, dated June 21, 1962). The Governor hopes also that he will be able to get more Federal aid for his State now, to buttress its depleted finances, than he could under the former Cabinet.

The strong opposition the Governor has encountered on the part of most of the Minas Gerais Congressional representation, including the members of his own party, against his support of a plebiscite has not dampened his spirits. Not even the adverse, although close, decision of the Superior Electoral Tribunal on his request to set a date for the plebiscite has

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affected his adamant position that the people must be given an opportunity to express themselves on the form of government they want. So close to the PTB have been recently the Governor's political maneuvers that he has been forced to deny publicly rumors that he was about to leave the UDN and enter the PTB.

Senator Kubitschek expressed qualified approval of the Cabinet in a statement to the press in the course of one of his frequent sojourns in the State. He did not know, he said, whether the new Cabinet had the necessary parliamentary backing to face coming battles. "The fundamental goal now," he stressed, "is to reestablish confidence in the Government.... And only the plebiscite, by explicitly revealing the will of the people, can re-establish that confidence."

2. State Cabinet Changes

Governor Magalhães Pinto is as yet without a permanent Secretary of Transportation. Celso MELO AZEVEDO, who had been appointed to head the Department of Transportation and Public Works (see Consulate's A-1, dated July 9, 1962), found himself unable to accept on grounds of conflict of interests. The alleged reason for not accepting was his part-ownership in a construction firm that does business with the Department he was appointed to head.

Comment: Celso Melo Azevedo is president of the mixed-economy hydro-electric enterprise, Centrais Elétricas de Minas Gerais (CEMIG). This is a lucrative and influential post, and it is possible that this factor more than anything else may have influenced his decision not to accept the appointment.

3. National Congress of Home Economics

To commemorate the tenth anniversary of the establishment of a four-year course in home economics in the Rural University of Minas Gerais (UREMG), a National Congress of Home Economics was held on the campus in Viçosa, southeast of Belo Horizonte, during July 19-21. In conjunction with the Congress there was celebrated also the Farmers Week, well attended by farmers from all parts of the State. The importance of the event was underlined by the presence of Governor Magalhães Pinto and some of his Secretaries and by the symbolic transfer of the government from Belo Horizonte to Viçosa for the day of the 19th.

In his main speech, the Governor emphasized the importance of improving agricultural productivity to support industrialization and promised his Administration's assistance in advancing that objective. He gave special stress to the need for bettering living conditions for the rural workers and

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the farmers and pointed to the urgency of bringing about basic social and administrative reforms. From the first day of his government, he stated, he had been preaching revolution, revolution within a democratic framework that would give the man from the interior the means he needed to live better and produce more. In discussing the benefits to be derived from the rural electrification program, he noted the role of the Alliance for Progress in making possible financial assistance from the Inter-American Bank for Development.

Comment: As part of the U.S. foreign aid program, Purdue University has for several years now maintained a group of professors teaching under contract at the Rural University in Viçosa. In fact, the Rural University distinguished a teacher in the extension service of Purdue University, Miss Anita Dickson, by giving her a special invitation to come from the United States to attend the anniversary of the four-year course she had established ten years before. Miss Dickson was present and participated actively in the Congress' program.

In a few brief remarks, the American Consul, who had been invited to the Congress by the rector of the University, discussed the importance of the Congress in the over-all objective of raising living standards and pointed to the work of the team of American professors in the Rural University and the U.S. role in the Alliance for Progress as evidence of the U.S. support of the Governor's socio-economic goals. In that sense, the reporting officer said, the United States was also a revolutionary country.

The reporting officer learned in the course of his visit to the Rural University that the school authorities were so unhappy at the meagerness of financial assistance that the University had been receiving from the State that the possibility of placing the school under Federal jurisdiction was being seriously considered. It was in part to avert that development that the Governor went to Viçosa, transferring the government to lend prestige to the ceremony and carrying with him a reported forty million cruzeiros for the school to assuage its financial needs.

4. Governor Magalhães Pinto's Purported Criticism of the Alliance for Progress

The daily Ultima Hora quoted Governor Magalhães Pinto as having said, during a visit to Fortaleza in the latter part of July, that were he in the Federal Government he would not accept aid from the Alliance for Progress. The quoted statement was immediately denied by the Governor who said that much to the contrary he had personally fought to get help from the USAID for his State. According to the Governor, the statement he had made was that "if Brazil could get hold of all the national capital that is invested abroad, perhaps the country would not even need assistance from the Alliance for Progress."

Comment: The Governor's denial conforms to the facts.

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5. Inauguration of Hydroelectric Turbines

The first two hydroelectric turbines in CEMIG's Três Marias Project, north of Belo Horizonte on the São Francisco River, were inaugurated on July 25. These two units have a total generating capacity of 136 kilowatts. There will be eventually eight generating units, each with a capacity of 68,000 kilowatts. CEMIG showed the great importance it attached to the occasion by the ceremony it prepared. President GOULART and Governor Magalhães Pinto were the guests of honor, with the President pressing the button to activate the turbines. Several hundred other guests, representing business and industrial circles and government organizations in Belo Horizonte, Rio de Janeiro, and Brasília, attended the ceremony. Among the guests were the American Ambassador's representative and the American Consul in Belo Horizonte. CEMIG provided transportation for all guests by a fleet of chartered planes.

Noteworthy in the many speeches made were references to the participation of foreign capital in the Três Marias Project. President Goulart pointed to the Project as embodying the kind of foreign capital investment which Brazil welcomed. CEMIG's president Celso Melo Azevedo was more specific, saying that Brazil's Federal Government and the State of Minas Gerais had received "efficient foreign assistance, through long-term loans, from the United States and the Federal Republic of Germany. The Project would not have materialized without the aid of those two great countries of the Western World which never dictated to us and always accepted our administration and abided by the decisions of the Brazilian technicians."

6. University Students' Strike

The students of the University of Minas Gerais continued their strike for one-third representation in the governing councils of the University. Despite the fact that July was vacation time, the strike was very much in evidence when student leaders occupied the Medical School building on July 10 to prevent members of a National Congress of Cardiology that was being held in that School from entering the premises. Locally stationed Army troops had to be called to dislodge the students.

Comment: The University authorities continue to maintain the position that the students will never be allowed one-third representation. Some faculty members in such schools as the School of Economic Sciences have agreed with the students to allow them one-third representation. These agreements, however, have no validity, for only the Superior Council, the highest governing body, can determine matters such as representation, and the school committees are subordinated to the Superior Council. Some of the professors have even said that that many of those who have agreed to one-third student representation did agree because they knew the agreement had no validity.

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7. Arrival of New West German Consul

A new West German Consul, Kurt Ruckdeschel, has arrived in Belo Horizonte. He replaces Dr. Horst Pommerening who was transferred to Recife a few months ago.

Comment: The new German Consul, a career officer, comes directly from Bonn, where he had served for the last three years. Prior to his Bonn assignment, he had served in Austria and Algeria. He has as yet no knowledge of the Portuguese language but speaks English to some extent.

8. Electoral Developments

Note: For items listed in Table of Contents under this heading, see Consulate's A-3, dated July 18; A-5, dated July 25; and A-6, dated August 3, 1962.

Edmund A. da Silva
Edmund A. da Silva,
American Consul

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| E | P | IO | SUBJECT : BRAZILIAN ELECTIONS 1962 - Supplemental Status Report No. 6 | | | ANALYSIS & TEST BRANCH | | |
| L | FBO | AID | REF : Consulate's Despatch No. 37, June 28, 1962 | | | DEPARTMENT OF STATE BUREAU OF EASTERN HEMISPHERE AFFAIRS AUG 22 1962 DATE: August 10, 1962 | | |
| AGR | COM | FRB | <u>National Democratic Union Holds State Convention</u> On August 4, the National Democratic Union (UDN) held a State convention for the nomination of candidates for one senatorial seat and 14 seats in the State Legislative Assembly. The UDN now has a full slate of 82 candidates for the State Assembly. No new candidates were nominated for the Chamber of Deputies. | | | DEPARTMENT OF STATE BUREAU OF EASTERN HEMISPHERE AFFAIRS AUG 22 1962 DATE: August 10, 1962 | | |
| INT | LAB | TAR | Representatives from 181 municipal committees attended the nominating Convention, the second one the Party has held for the coming October elections. An unusual development was the appearance of two rival candidates for the senatorial seat: Secretary of Labor Edgar da Mata Machado and Osvaldo Pierucetti, president of the State-controlled Credito Real Bank (see Consulate's A-5, item 3, dated July 25, 1962). | | | DEPARTMENT OF STATE BUREAU OF EASTERN HEMISPHERE AFFAIRS AUG 22 1962 DATE: August 10, 1962 | | |
| TR | XMB | AIR | Although Pierucetti received 140 votes as compared with 51 cast for the Labor Secretary, he subsequently declined the nomination, alleging that the small number of municipal committees that had been represented in the Convention and the absence of Party key figures did not provide the conditions necessary to contest the senatorial seat. He later reversed his position, however, as a consequence of Party pressure and probably of the Governor's personal intervention. The refusal to accept the nomination would have forced the Party into the inconvenient position of having to call another nominating convention before August 20-22, the | | | DEPARTMENT OF STATE BUREAU OF EASTERN HEMISPHERE AFFAIRS AUG 22 1962 DATE: August 10, 1962 | | |
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From: Belo Horizonte

final date for registration of the candidates with the State Electoral Tribunal.

Comment: Pierucetti's hesitation to run for senator seems well justified. Less than 50 percent of the municipal committees were represented in the nominating Convention. Meager as this representation was, the situation was made worse by the stubborn opposition of the powerful Belo Horizonte municipal committee which sponsored the rival candidate. As if this poor beginning were not discouraging enough, the UDN candidate will have to contend with two other well-entrenched senatorial candidates, the incumbents Benedito Valadares and Camilo Nogueira da Gama, who are as of now running together with the mutual support of the Labor Party (PTB) and the Social Democratic Party (PSD). There is in addition the psychological drawback in the eyes of the electorate that the UDN is already represented in the Senate with Milton Campos. A person of great prestige or with a well known name might overcome these obstacles, but Osvaldo Pierucetti has not yet achieved that status. With the recent death of Gabriel Passos, who was the UDN senatorial candidate, the UDN's chances of capturing a second Senate seat have seriously deteriorated.

The fact that the Convention failed to nominate additional candidates for the Chamber of Deputies indicates a paucity of eligible material in the Party. At the first nominating convention, 32 candidates were selected. That number contrasts with the current representation of 39 deputies for Minas Gerais and with 45 deputies after the October elections. Of the original 32 candidates, many have dropped out or do not intend to run. Political circles are of the opinion that no more than 20 UDN candidates for Federal deputy will be running. The general expectation was that the second nominating convention would select enough candidates not only to replace those who have dropped out or are not campaigning, but also to complete a full slate of 45 seats. On the basis of present evidence, the UDN will have actual candidates for less than 50 percent of the seats allotted to Minas Gerais in the Chamber of Deputies. There is considerable discontent among the active candidates and in the Party rank and file with this situation.

Edmund A. da Silveira
Edmund A. da Silveira,
American Consul

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| | TO The Department of State | |
| | FROM : Amconsul, BELÉM, PARÁ, BRAZIL | |
| | DATE: August 10, 1962 | |
| | SUBJECT: BRAZILIAN ELECTIONS 1962: Report N°8 - Coligação Democrática Paraense (Paraense Democratic Coalition). | |
| | REF : ----- | |
| Brasília office - Belo Horizonte - Curitiba - Porto Alegre - Recife - Salvador Bahia - Santos - Sao Paulo - | <p>C.D.P. - Coligação Democrática Paraense (Paraense Democratic Coalition). This political coalition was formed in 1950 as a result of an amalgamation of the local sections of the União Democrática Nacional (UDN), Partido Social Progressista (PSP), Partido Trabalhista Brasileiro (PTB), Partido Republicano (PR), Partido Democrata Cristão (PDC), Partido Socialista Brasileiro (PSB), Partido de Representação Popular (PRP) and Partido Social Trabalhista (PST), in opposition to the Partido Social Democrático (PSD) which was considered too strong to be defeated by its opponents if they put up separate candidates.</p> <p>The president of the PSD at that time was General Joaquim Cardoso de Magalhães Barata, who for 15 years served as federal administrator of the state of Pará. During this time he built up a strong political following in the interior of Pará. General Barata was the boss of the local PSD and because of his dictatorial-like manners, several prominent politicians of Pará who had worked with him from 1930, left the PSD and joined other parties which in turn formed an amalgamation party - the GDP. As a consequence of this, Belém became a strong anti-Baratista center and in October 1950, the GDP imposed a defeat on Barata and the PSD. After the death of General Barata in May 1959, the new executive board of the PSD changed its political procedures and alliances with the PTB, PDC and PRP were arranged.</p> <p style="text-align: right;">After 1954 the PTB/</p> | |
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| Drafted by: FOL: E.Holway:rnt Clearances: 16-11-2-1 | Contents and Classification Approved by: FOL: E.Holway | |
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After 1954 the PSB, FDC and ERP broke with this group. At the present the CDP consists of segments of the UCN, PSP, PR, PTH, PSB, EL, PRT and MTR. In Belen the CDP is the strongest political group while in the interior the PSD is the strongest. As of the present the only candidates to be approved and registered by the CDP are Edward Cattete Pinheiro and Gíaco Bernardo Macambira Braga and their alternates Pedro Carneiro and Arnaldo Prado, respectively, for the federal senate.

Edward J. Holway, Jr.
Edward J. Holway, Jr.
American Consul

c.c.: American Embassy, Rio de Janeiro;
American Embassy, Brasilia, D.F.

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A-172 CONFIDENTIAL

PRIORITY HANDLING INDICATOR

1962 AUG 14 AM 9 48

TO DEPARTMENT OF STATE

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
AUG 15 1962

Cpm

FROM Amembassy RIO DE JANEIRO

DATE: August 10, 1962

SUBJECT: BRAZILIAN HIGHLIGHTS - August

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
AUG 15 1962

REF

The showdown in Brasilia between the executive and the legislature over the former's demand for an early proscript on the question of presidentialism vs parliamentarianism and for special powers for the Brochado da Rocha Cabinet has again pinned down the majority of congressional incumbents in Brasilia far from their home election grounds. Upon the outcome may even hang the very question of whether or not elections will take place. Each side is trying to wrest from the other the initiative on the vital issue of basic reforms in Brazil, with the Labor Party and its supporters expecting to gain electoral strength from a presidential victory over Congress and the centrist-conservative parties staking their chances on holding firm against the executive onslaught and countering with urgent reform measures of their own.

Despite this, there appeared real evidence that the local politicians on the home front were getting down to basic electioneering business. The first real rash of political signs and banners has appeared; sound trucks have been contracted; and "giant mass rallies" are scheduled to introduce the candidates and the new alliances to the voters. While some important candidates and political coalitions have yet to be announced, most of the cast for the election drama has been chosen.

Pernambuco

According to late news reports, the PSD in Pernambuco will not officially support any of the three gubernatorial candidates in the forthcoming elections. In the tumultuous state convention just ended, an expected accord with the UDN to be engineered by

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A-172/8/10/62
J.W.W.*

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FORM 4-62 DS-323

Drafted by: R. Dean, R. Schnieder, E. Walters, L. Cooley Robert W. Dean

Clearence:



CONFIDENTIAL

Page 2
Airgram A-172

former governor and political boss Etelvino Lins never materialized, despite Deputy Lins' much publicized break with Miguel Arraes. (Lins had stated that Arraes, "although not himself a communist" had refused to rid his campaign of its communist engineers and had faced the electorate with the "ideological option of to be or not to be communist.") The lack of a specific PSD endorsed candidate is viewed as a partial victory for Arraes who--via his vice gubernatorial candidate Paulo Guerra, President of the State Legislative Assembly and PSD workhorse--will control an important part of the PSD vote-getting machinery. The rest of the PSD votes will be divided among PSD-dissident Armando Monteiro and UDN candidate João Cleofas.

Bahia

The Lomanto Junior gubernatorial candidacy was enhanced by the final decisions of the PTB and PL state conventions to endorse him for the governorship rather than Waldir Pires, the ultra-nationalist PSD candidate. Considerable national pressure had been exerted upon the Bahia PTB organization to break its political covenant with the UDN in support of Lomanto Junior in order to back Pires.

Guanabara

The PTB officially settled several questions regarding alignments and campaigns for the October elections at its regional convention; and while many were the expected results, some of the answers apparently caught even the possible candidates themselves by surprise. The PTB and PSB have joined together and will run a slate under the Aliança Socialista-Trabalhista. That was expected; but when the convention decided the problem of the overloaded Senate slate by declaring it would run only one candidate--Aurélio Vianna--"in order to guarantee its strength", fireworks broke out. Oswaldo Aranha Filho accused the state PTB of "leftism", and Rêgo Monteiro announced that he was abandoning the PTB and bowing out of politics altogether. Max da Costa Santos, the PSB possible who had been offered to the PTB, was the only one appeased--he had previously bowed out in favor of Vianna, so he was awarded a candidacy for a Federal Chamber seat. Among others who were officially named for Chamber seats was Leonel Brizzola, and it is expected that whatever legal ammunition Brizzola's opponents have stored away to keep him from running on the grounds of his relationship to Goulart (brother-in-law) will now be hauled out and fired.

The UDN had a problem settled for it also when the Supreme Court decided that Governor Carlos Lacerda's mandate, within the boundaries of the original San Tiago Dantas law establishing Guanabara, should and therefore would continue until 1965. The UDN announced that its new regional directorate would be headed by present carioca Federal Deputy. Euripedes Cardoso de Menezes, who is running for re-election.

Gilberto Marinho's candidacy (PSD) for re-election to the Senate is gathering support as the conventions of the smaller parties endorse him in an effort to get behind a winning name. The PTN and the PR have recently given him their support.

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Page 3
Airgram A-172

Rio de Janeiro

The Rio de Janeiro State Directorate of the PSD decided to register ex-Governor Celso Peçanha as a senatorial candidate despite the objection of local party leaders who criticized Peçanha's "mistakes" in office and accused him of splintering the party by his maneuverings in the contest between Carvalho Janotti and José Kezem for leadership of the State Assembly and succession to the governorship. (See Election Highlights of July 20-27). As its second senatorial candidate, the PSD Directorate named Federal Deputy Saturnino Braga.

Carvalho Janotti's tenure as interim governor is once again in doubt. It is now reported that the Supreme Federal Tribunal's decision--announced July 20 but still not published--annulled not only the constitutional amendment under which José Kezem was elected vice governor, but also an earlier amendment which provided for the succession to the governorship of the State Legislative Assembly President (Janotti's position). The decision is being interpreted as reviving the original constitutional requirement that an interim governor be elected by the Legislative Assembly within thirty days after the governorship is vacated. The PSD has already named Dante Laginestra, former mayor of Novo Friburgo, as its candidate for the post in the event that a new election must be held.

São Paulo

With the rumored "leftist" candidacy of San Tiago Dantas for the São Paulo governorship lasting less than 48 hours, the PTB was still without a gubernatorial candidate and conversations were reportedly renewed with the "Frente Popular" of José Bonifacio Nogueira. The PSB, now having lost hope of backing the possible PTB candidacy of either San Tiago Dantas or Almino Afonso, has returned to support "definitely" Cid Franco's candidacy. While José Bonifacio's adherents were encouraged by the possible incorporation of the PTB into the "Frente Popular," they were disappointed by the PSD State Convention's decision to work for Adhemar de Barros' election in return for PSP support for the senatorial campaign of Senator Moura Andrade. The Janio Quadros campaign reflected new and/or increased sources of revenue as more journalistic coverage and propaganda became apparent in certain São Paulo news media.

Rio Grande do Sul

State Legislative Assembly President Gustavo Langsch (PSD) was unwilling to comply with recommendations that he give up his campaign for re-election so that he might continue to serve as acting governor during the increasingly frequent absences of Governor Brizzola, campaigning for federal deputy in Guanabara. The opposition thus lost its opportunity to exercise at least intermittent control over the state government, as the acting governorship now falls to Brizzola's hand-picked Secretary of Interior and Justice.

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CONFIDENTIAL

Page 4
Airgram A-172

Espirito Santo

With State Legislative Assembly President Hésio Cordeiro scheduled to resign his 30-day tenure as governor on August 7 (see Election Highlights of 20 July), the Espirito Santo Legislative Assembly elected an interim governor and vice governor on August 5. The new governor, expected to remain in office until January 31, 1963, is Asdrubal Soares (PSP), Secretary of Transportation and Public Works in the Lindenberg government. The vice governor is Arquimedes Vivacqua (PR), brother of former Senator Attilio Vivacqua (deceased) and himself a candidate for the Senate in the coming elections. Vivacqua's selection as vice governor will not disqualify him as a senatorial candidate unless he is called upon to assume the governorship.

For the Ambassador:

Robert W. Dean

Robert W. Dean
First Secretary of Embassy

APPROVED BY:

Robert Eakens

Robert Eakens
Acting Deputy Chief of Mission

CONFIDENTIAL

0900

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| E | P | ID | | | | DATE: August 10, 1962 | | |
| L | FBO | AID | | | | FROM : Amconsul, BELEM, PARA, BRAZIL | | |
| AGR | COM | FRB | | | | SUBJECT: BRAZILIAN ELECTIONS 1962: Report N°8 - Coligação Democrática Paraense (Paraense Democratic Coalition). | | |
| INT | LAB | TAR | | | | REF : ----- | | |
| TR | XMB | AIR | | | | DEPARTMENT OF STATE BUREAU OF INTER-AMERICAN AFFAIRS AUG 16 1962 <i>File [unclear] 8/16/62</i> | | |
| ARMY | CIA | NAVY | | | | G.D.P. - Coligação Democrática Paraense (Paraense Democratic Coalition). This political coalition was formed in 1950 as a result of an amalgamation of the local sections of the União Democrática Nacional (UDN), Partido Social Progressista (PSP), Partido Trabalhista Brasileiro (PTB), Partido Republicano (PR), Partido Democrata Cristão (PDC), Partido Socialista Brasileiro (PSB), Partido de Representação Popular (PRP) and Partido Social Trabalhista (PST), in opposition to the Partido Social Democrático (PSD) which was considered too strong to be defeated by its opponents if they put up separate candidates. | | |
| OSD | USIA | NSA | | | | The president of the PSD at that time was General Joaquim Cardoso de Magalhães Barata, who for 15 years served as federal administrator of the state of Para. During this time he built up a strong political following in the interior of Para. General Barata was the boss of the local PSD and because of his dictatorial-like manners, several prominent politicians of Para who had worked with him from 1930, left the PSD and joined other parties which in turn formed an amalgamation party - the CDF. As a consequence of this, Belem became a strong anti-Barata center and in October 1950, the CDF imposed a defeat on Barata and the PSD. After the death of General Barata in May 1959, the new executive board of the PSD changed its political procedures and alliances with the PTB, PDC and PRP were arranged. | | |
| 5 | 10 | 3 | | | | After 1954 the PTB/ | | |
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| <i>Brasilia office</i> ----- ----- <i>Belem</i> <i>Belem Horizonte</i> <i>Curitiba</i> <i>Porto Alegre</i> <i>Recife</i> <i>Salvador Bahia</i> <i>Santos</i> <i>Sao Paulo</i> | | | FORM 4-62 DS-323 | | | FOR DEPT. USE ONLY <input checked="" type="checkbox"/> In <input type="checkbox"/> Out | | |
| Drafted by: POL: <i>EdHolway:rat</i> 8/9/62 | | | Contents and Classification Approved by: <i>EdHolway</i> | | | | | |
| Clearances: <i>16-11-2-P</i> | | | | | | | | |



After 1954 the PTB, PDC and PRP broke with this group. At the present the CDP consists of segments of the UDN, PSF, PR, PTN, PSB, PL, PRT and MTR. In Belem the CDP is the strongest political group while in the interior the PSD is the strongest. As of the present the only candidates to be approved and registered by the CDP are Edward Cattete Pinheiro and Cleo Bernardo Macambira Braga and their alternates Pedro Carneiro and Arnaldo Prado, respectively, for the federal senate.

Edward J. Holway, Jr.
Edward J. Holway, Jr.
American Consul

c.c.: American Embassy, Rio de Janeiro;
American Embassy, Brasilia, D.F.

Department of State to pass to all posts in Brazil.

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0902

WITHDRAWAL NOTICE

RG: 059

TAB #: 2

ENTRY: CDF60-63

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AGRAM A-174

FR RIO DE JANEIRO

TO STATE

In the review of this file this item was removed because access to it is restricted. Restrictions on records in the National Archives are stated in general and specific record group restriction statements which are available for examination. The item identified above has been withdrawn because it contains:

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INCOMING TELEGRAM

Department of State

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Action

Control: 9026

Rec'd: August 12, 1962
3:52 p.m.

ARA

FROM: Recife

Info

TO: Secretary of State

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AIR

NO: 81, August 11, 2 p.m.

ACTION DEPARTMENT 81; INFORMATION RIO DE JANEIRO 88.

PSD Convention August 9 voted 58 to 8 not to nominate any candidate for Governor. Nominated for Vice Governor was Paulo Guerra, President State Assembly, supporter and running mate Miguel Arraes, and for Senator incumbent Jarbas Maranhao. PSD will probably hold still another convention to name candidates for State and Federal Deputies. At that time question of gubernatorial candidate may arise again, so party position still subject change.

RMR

PSD decision taken to avoid party break-up over deep party split into Cleofas, Arraes, and Armando Monteiro factions. While top echelon party leadership favored Cleofas, political bosses from interior of state strongly supported Arraes, and small vocal group remained firm for Monteiro. PSD action represents set back for Cleofas, who had hoped for formal backing in election alliance with UDN. Cleofas, however, can obtain some satisfaction from fact PSD did not nominate Arraes, as seemed likely a month ago.

Candidacy of Monteiro assumes new importance in present situation. If PSD not to support Cleofas officially, Monteiro's candidacy could hurt Arraes most since Monteiro would draw away from Arraes part of that PSD vote which, because of traditional party animosities, would not go to UDN candidate in any event.

Handled by RMR

/Cleofas

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CONFIDENTIAL

-2- 81, August 11, 2 p.m., from Recife

Cleofas camp remains supremely optimistic of Cleofas victory, confident that he holds strong lead over Arraes. This confidence probably partly based on continuing success of campaign identify Arraes as communist and limited success Arraes public rallies in interior of state.

DELGADO-ARIAS

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CONFIDENTIAL

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⑥

August 21, 1962

732.00

Dear Congressman Anderson:

I want to thank you for your letter of August 11, 1962, requesting information to assist you in replying to a letter from Mr. William H. Burwick of Rockford, Illinois.

It will be pleased to provide you with information concerning the situation in Northwest Brazil as well as United States Government activities in that area. I have asked the appropriate officers in the Department and the Agency for International Development to prepare a detailed reply to the questions contained in Mr. Burwick's letter and will forward the information to you shortly.

If I can be of further assistance to you in this matter, do not hesitate to write me.

Sincerely yours,

Frederick G. Eaton
Assistant Secretary

732.00/8-11-62

RECEIVED

Mr. William H. Burwick,
Rockford, Illinois.
U.S. House of Representatives.

AW-A

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EST/B:McCrone:sec 8/16/62

0906

September 13, 1962

~~AAA~~
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Dear Congressman Anderson:

With reference to your letter of August 21, and to my interim reply of August 15, I am sending some information which I hope may prove useful in answering a series of questions raised by Mr. William H. Warwick of Rockford, Illinois, concerning northeastern Brazil.

Northeast Brazil is generally identified as the region under the jurisdiction of Superintendencia for the Development of the Northeast (Superintendencia de Desenvolvimento do Nordeste, SUDENE), which was established in December 1959 to supervise a social and economic development program designed to afford relief to this depressed area. The authority of SUDENE extends over the states of Maranhão, Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco, Alagoas, Sergipe, Bahia, and a small northern sector of Minas Gerais which has been affected by drought conditions.

Communism has been active in Northeast Brazil in the last two years in exploiting the misery and poverty of large parts of the populace. Infiltration of political groups and peasants' leagues has helped to stir up unrest. There is also activity among student groups.

No breakdown of Soviet bloc trade figures is available, applying specifically to an exchange of goods with the northeastern states of Brazil, although the foreign trade channelled to the Northeast is relatively extensive. Recife, the capital of Pernambuco, was in 1959 the fourth most important port of entry for imports from abroad, and eighth in importance among ports of export. According to the information

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The Honorable
John R. Anderson,
House of Representatives.

Handwritten initials

9-14-62 P/OPS: D. Burns

732.02/8-11-62

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available on the total trade of Brazil with Soviet bloc countries, Brazilian imports during the year 1961 actually showed a slight decrease as compared with 1960, which may reflect a general disillusionment in Brazil over the quality of goods and merchandise of Soviet origin.

No separate breakdown of figures is available for United States trade with the northeastern coast of Brazil, but it is assumed that the imports and exports of that region are reflected on the whole by the total amount of United States-Brazilian trade, except perhaps for those export commodities which are produced in especially large quantities in the Northeast, such as cocoa, cane sugar, and cotton. Brazil customarily has a favorable balance of trade with the United States, chiefly because of heavy United States purchases of Brazilian coffee. Exports to the United States accounted for 44.4 percent of the total value of exports in 1960, 46.2 percent in 1959, and 43 percent in 1958. Exports into Brazil from the United States have shown a steady decline, representing 39.3 percent of total imports in 1960, 33.6 percent in 1959, and 35.7 percent in 1958.

There are 27 Americans stationed in Northeast Brazil who have with them 67 dependents. The fluency in Portuguese of the former depends on the length of time each has spent in Brazil. Extensive training is generally provided for officials assigned to Brazil. Those who do not already know Portuguese receive an intensive twelve week course in the language, either in the Foreign Service Institute at Washington or at Rio de Janeiro. In addition, language courses are now also made available without charge for dependents of Government officials. Similar language instruction is made available to Agency for International Development (AID) and Peace Corps personnel. In addition, State and AID officials receive training and briefings

0908

on political, economic, and social conditions prevailing in Brazil, and special preparations for their particular activities.

There are approximately 25 Brazilians employed in the Northeast in clerical and administrative positions.

I cost an average of \$17,500 to maintain and give program support to each American Department of State employee overseas in fiscal year 1961 regardless of the number of his dependents. This figure contains all costs including salary, differentials, allowances, retirement contributions, official travel and transportation to and from the country and official travel within the country, rent, utilities, communications, printing, equipment, building repair, maintenance, training, medical costs, hospitalization, representation expenses, and all other costs including transportation of remains.

The figure does not include the salaries of the staffs in Washington, nor does it contain an allowance for depreciation of buildings we own abroad.

An average figure for all countries and posts abroad is used because of variations in costs between posts and countries. Local price levels and wage scales vary from country to country. There is a variation in grade and salary rate among officers in different countries and the size of staffs varies with the impact of events. Furthermore, the size of families varies changing costs in housing and educational allowances between countries.

I am enclosing some material on aid to Brazil, and in the belief that your constituent's letter was generated by a book published last year which was critical of the Department of State, I am including a copy of the Department's reply to that book.

If I may

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If I may be of any further assistance to you,
please do not hesitate to call on me.

Sincerely yours,



Frederick G. Batten
Assistant Secretary

Enclosure:

Selected material.

Handwritten initials Barnes: EAK:mhh *Handwritten initials* / * lang: ARA/EST/B
x3915 9/13/62

0910

JOHN B. ANDERSON
16TH DIST., ILLINOIS
MEMBER
COMMITTEE ON GOVERNMENT
OPERATIONS
COMMITTEE ON HOUSE
ADMINISTRATION

Congress of the United States
House of Representatives
Washington, D. C.

August 11, 1962

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INFO:
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Mr. Frederick G. Dutton
Assistant Secretary of State for Congressional Relations
U. S. Department of State
Washington 25, D. C.

Interim reply drafted 8/16/62
EST/B:RHCrane:zcc

Dear Mr. Dutton:

I would appreciate having your assistance in the preparation of a reply to the attached letter. Your particular attention is called the second paragraph on page 2.

Thank you for many past courtesies.

Very truly yours,

John B. Anderson
JOHN B. ANDERSON
Member of Congress

JBA:jlg

FILED
SEP 21 1962
Draft
9-11-62
file

BARRICK, WILLIAM H.

Rep. For info. on BRAZIL
732.00/8-11-62

Letter and enclosures, if any,
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8-13-62

0911

LAW OFFICES
BARRICK & JACKSON
ROCKFORD, ILLINOIS

411 Illinois National Bank Building
116 South Main Street

August 6, 1962

Area Code 815
Telephone
500-6377

William H. Barrick
William C. Jackson
David R. Berra
Robert W. Omdick
Maurin L. Schaefer

Honorable John B. Anderson, Congressman
16th District of Illinois
1418 New House Office Building
Washington 25, D. C.

Dear John:

I wonder if you would be kind enough to find out from the State Department or other responsible source in Washington the answer to some questions which I have concerning the situation in northeastern Brazil.

It seems to me that Brazil being the largest country in South America, we should be most careful to see to it that things are being handled there to our satisfaction. Here are my questions: (1) Has communism been active in northeast Brazil in the last 2 years? If so, how? (2) Has communists' influence increased in northeast Brazil in the last year? (3) If communists' influence has increased, what is the reason for the increase? (4) Has communist trade increased in northeast Brazil in the last year? If so, why? (5) Has U.S. trade increased or decreased with northeast Brazil? (I realize that it may be difficult to get this figure because Brazil is probably pretty much treated as a separate entity. I understand that the situation in northeast Brazil is that there is very little trade possible.) (6) How many Americans are officially stationed in northeast Brazil, including all members of Embassy staffs, United States Information Service, Military, if any, and how many dependents are residing there? (7) How many of these people read, write and speak Portuguese or Spanish? (8) What, if any, special training for dealing with the situation in northeast Brazil did any of these people have before they went there, and how many of such people received such training? I would also like to know something about the curriculum of the training program. (9) Are any of our people attending training sessions while living in northeast Brazil? (10) How many natives of northeast Brazil are employed by United States there, and find out how



me something about their positions. (12) About how much does it cost to maintain one American in northeast Brazil? (13) What was the total amount of money spent in northeast Brazil during the past fiscal year by the United States for foreign aid, military aid, grants, education and the cost of maintaining our own people?

From my reading of the news sources it seems that we must be very careful to be sure that our people that are in northeast Brazil are doing the best possible job and also be sure that we are doing the best possible job here in getting proper people into northeast Brazil. Judging from our experiences in some other critical areas in the world I have taken it upon myself to find out something about what we are doing in northeast Brazil. I can imagine that somebody to whom you refer this inquiry is going to say that much of this information is classified. If it is classified, I want the name and civil service status of the person who states it is classified, if such person is on civil service, and I want to know who decided it was classified and the exact name and civil service or other Governmental status of that person. Communists know what our activities are all over the world and I feel that communists know what we are doing in Brazil and I, as a tax payer am entitled to know also.

Very truly yours,

WILLIAM H. HARRIS

WHB:vj



INCOMING TELEGRAM

Department of State PERMANENT RECORD COPY

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CONFIDENTIAL

CORRECTION ISSUED
8/16/62 12:10 a.m.

Action

Control: 9113

Rec'd: August 13, 1962
1:08 a.m.

ARA

FROM: Rio de Janeiro - CORRECTED COPY

Info

TO: Secretary of State

SS

NO: 366, August 12, 6 p.m. (SECTION ONE OF TWO)

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Following From Brasilia

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(1) With presentation August 10 executive messages transmitting projects economic and financial measures and request early plebiscite outlined Embassy telegram 365, second phase political crisis has begun. Administration program as outlined two messages highly statist in character, obviously more campaign document than serious government program since Congress will not delegate such wide powers and Cabinet obviously cannot last long enough carry out program needing years complete. Is nonetheless of interest as indication Goulart and PTB objectives, particularly in light August 13 speech President to recently promoted and other generals a principal point of which was insistence on need for reforms to meet "just demands common people and which would bring better distribution country's wealth". These reforms he said would be carried out during his mandate "at whatever cost".

(2) Other points heavily underscored same speech were President's "surprise" at allegations that intended promote coup and his insistence on inalterable respectives and defense democratic legality and existing institutions. This speech, first public statement made by President during current crisis, evidently part changed administration tactics aimed soften adverse reaction earlier heavy handed power play which Congress chose to ignore once assured (Embassy telegram 344) Military Ministers in speaking out for plebiscite it had no intention doing more than express opinion.

(3) Large party leaders (excepting Goulart's PTB) insist

* This copy must be returned to [redacted] files with PROHIBITED FROM [redacted] UNCLASSIFIED

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BY
INCOMING TELEGRAM

Department of State

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47-48
Action

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CONTROL NUMBER: 9770
RECEIVED: August 13, 1962
9:27 p.m. AUG 13 1962

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FROM: Rio de Janeiro
TO: Secretary of State
NO: 376, August 13, 9 p.m.
PRIORITY

AC: *EST/B*
INFO:
RM/R FILES

ACTION DEPARTMENT 376, INFORMATION BRASILIA PRIORITY 15.

LIMIT DISTRIBUTION

A. F. Schmidt called this afternoon to summarize very grave view of events. Considers Brochado proposals of last week essentially Communist in inspiration. Foresees Goulart scheme as involving deliberate presentation unacceptable program, refusal by Congress, resignation of Cabinet, followed by Goulart declaration that situation impossible and suggesting own resignation. Goulart's military group would then close Congress and reinstate Goulart with full powers pending election new Congress. Schmidt claims absolute assurance existence this plan. Also states there is being mounted military countermove involving majority officers. See possibility some form civil war resulting.

Cassandra tendencies Schmidt well-known, and should result in some discounting above. He himself agrees Nelson de Mello unlikely collaborate such plot, but points out that Nelson would be among those resigning with Cabinet.

Both from Schmidt and Roberto Marinho with whom David Rockefeller and I lunched today, come apparently authentic stories that Moreira Salles last Wednesday was sure that he had achieved great victory in Cabinet discussion, knocking out 90 percent objectionable proposals. Obviously many of these were restored by Brochado before presentation Friday. Timing Moreira Salles trip generally uncomprehended here, unless for personal reasons

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DEPARTMENT OF STATE
AIRGRAM

732.00/8-1362
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A-181 CONFIDENTIAL

PRIORITY
HANDLING INDICATOR

TO : Department of State

1962 AUG 17 AM 11 36 *Jm*

FROM : Amembassy, Brasilia Office

ANALYSIS & DISTRIBUTION
BRANCH DEPARTMENT OF STATE
BUREAU OF
POLITICAL AFFAIRS
DATE: August 13 1962
W. R. W.
8/20

SUBJECT: São Paulo Gubernatorial Race

REF :

A good journalistic source reports that São Paulo Governor Carvalho Pinto is now engaged in last all-out effort to build up the José Bonifacio campaign. However, aware that a recent reliable poll showed Quadros with 32% of São Paulo vote, Adhemar de Barros 30%, and José Bonifacio about 21%, the Governor is reportedly already consulting with interior mayors appraising actual vote control. The purpose of this appraisal is stated to be to prepare for the contingency that José Bonifacio cannot win the election. Should this become clear and his soundings show that a switch could get desired results, the Governor would ask all mayors and other supporters ten days before the election to throw their votes to Adhemar de Barros, José Bonifacio presumably would withdraw from the race.

For the Ambassador:
Philip Raine
Philip Raine
Counselor of Embassy
for Political Affairs

DISTRIBUTION: All consulates in Brazil; AMB, DCM, Service Attachés, USIS, Econ (2), POL I (5), POL II, Labor, CP (3), Brasilia (5).

FORM 4-62 DS-323

CONFIDENTIAL

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Drafted by: PRaine/jhm Contents and Classification Approved by:

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Department of State

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Action

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Control: 10743
Rec'd: AUGUST 14, 1962
8:14 PM

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Info

FROM: RIO DE JANEIRO

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TO: Secretary of State

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NO: 387, AUGUST 14, 7PM

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ACTION DEPARTMENT 387 INFORMATION BRASILIA 16

LIMIT DISTRIBUTION

EMBTTEL 376 - 8/11. 0032
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REVIEWED SITUATION WITH LACERDA MONDAY EVENING. HE DOES NOT WHOLLY RULE OUT IDEA GOULART PLOT FOR COUP AGAINST CONGRESS, BUT DOES NOT SEE IT AS CLEAR PROSPECT AND DOUBTS WHETHER GOULART CONTROL OF MILITARY YET SUFFICIENT CARRY OFF.

LACERDA AND JURACY GOING BRASILIA TODAY TUESDAY, PARTLY TO JOIN IN GOVERNORS MEETING BUT MAINLY TO CONSULT UDN AND GATHER FRIENDLY CONGRESSMEN TO STIFFEN SPINE AGAINST UNDUE CONCESSIONS ON CABINET'S REQUEST FOR SPECIAL POWERS. LACERDA FEARS THAT CENTER PARTIES SO EUPHORIC ABOUT LAST WEEK'S VICTORY IN WARDING OFF OCTOBER PLEBISCITE THEY MAY BE TOO DISPOSED TO GRANT DANGEROUS EXTENT DELEGATIONS WHICH WOULD BE BADLY ABUSED. SHARES VIEW THAT LEFT WING ADVISORS BROCHADO NOT ESPECIALLY INTERESTED IN PLEBISCITE, BUT VERY INTERESTED EXTENSIVE POWER FOR ECONOMIC, POLICE, AND OTHER INTERVENTIONS IN NATIONAL BY DECREE.

LACERDA PUZZLED BY MOTIVATION FOR GOVERNORS MEETING. ONLY RATIONAL EXPLANATION IS DESIRE FOR APPARENT COMMON FRONT ALL EXECUTIVES AGAINST CONGRESS, BUT SUBSTANTIAL NUMBER GOVERNORS WILL NOT ADOPT THAT POSITION. POSSIBILITY COUP AGAINST GOVERNOR HAS NATURALLY OCCURRED TO HIM, BUT HE DISCOUNTS AS TOO FANTASTIC EVEN FOR GOULART.

AS ONE POSSIBLE PEACEFUL SOLUTION TO REGIME PROBLEM LACERDA IS REPRODUCTION FROM THIS COPY IS PROHIBITED UNLESS "UNCLASSIFIED"

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-2-387, AUGUST 14, 7PM, FROM RIO DE JANEIRO

CONTEMPLATING SUGGESTING THAT WITH INCEPTION NEW CONGRESS,
POSITION OF PRESIDENT AND PRIME MINISTER BE COMBINED, LEAVING
INDIVIDUAL MINISTERS SUBJECT PARLIAMENTARY RESPONSIBILITY.
SOMEWHAT LIKE JURACY, HE BELIEVES THAT GOULART MIGHT THEN ACT
MORE RESPONSIBLY OR AT LEAST COULD BE MORE READILY HELD ACCOUNT-
ABLE. AT MINIMUM, GOULART WOULD HAVE TO SPEND SUBSTANTIAL
TIME ON REAL PROBLEMS LIKE FOOD SUPPLY AND INFLATION, INSTEAD
OF CONCENTRATING EXCLUSIVELY ON POLITICAL MANEUVERING AND
PLOTING.

GORDON

MDF/MCA

SECRET

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SECRET

-2-387, AUGUST 13, 7PM, FROM RIO DE JANEIRO

CONTEMPLATING SUGGESTING THAT WITH INCEPTION NEW CONGRESS,
POSITION OF PRESIDENT AND PRIME MINISTER BE COMBINED, LEAVING
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OF CONCENTRATING EXCLUSIVELY ON POLITICAL MANEUVERING AND
PLOTING.

GORDON

MDF/MCA

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732.00/8-1462

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HANDLING INDICATOR

TO : Department of State 1962 AUG 20 PM 3 01

INFO: RIO DE JANEIRO, BRASILIA, SAO PAULO

BELEM-1
Belem Horizonte-1
CURITIBA-1
Porto Alegre-1

ANALYSIS & DISTRIBUTION
BRANCH

FROM : Amconsul RECIFE

DATE: August 14, 1962

SUBJECT: Weekly Summary No. 7

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
AUG 22 1962

REF :

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2. Two More French Fishing Vessels Seized

PSYCHOLOGICAL

POLITICAL

1. Political Campaign Developments

The state PSD held its final convention this week and, after much wrangling, the various party factions finally reached a compromise agreement not to name a party candidate for Governor. The convention nominated State Assembly President PAULO GUERRA for Vice Governor,

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SEP 10 1962

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Drafted by:

Content and Classification Approved by:

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Amconsul RECIFE

and incumbent JARBAS MARANHÃO for Senator, as well as candidates for the state and federal deputyships.

The PSD decision to refrain from naming a candidate for Governor was taken to avoid a breakup of the party as a result of a deep split into JOÃO CLEOFAS, MIGUEL ARRAES, and ARMANDO MONTEIRO FILHO factions. The top echelon of the party, including ETELVINO LENS, clearly favored an alliance with the UDN in support of Cleofas, but was unable to impose its preference on the convention due to the strength of the pro-Arraes group within the party. Arraes supporters, headed by PAULO GUERRA and Padre WANDERLEY SIMOES, and said to include several important local political bosses or "colonels" from the interior of the state, were numerous enough to prevent Cleofas' nomination but not nearly enough to get the party to back Arraes. The Armando Monteiro group, small but vocal, in vain insisted that the PSD should name a candidate from party ranks.

The PSD action represented a minor setback for Cleofas since it had been widely believed that the PSD would join the UDN in nominating him. However, though he lacks official PSD endorsement, Cleofas will get the support of the major part of the PSD, and the PSD and the UDN will run a single slate of candidates for the Senate, the Chamber, and the State Legislature. Cleofas can take further comfort from the fact that the nomination of Arraes by the PSD, so generally anticipated only a month ago, was prevented.

The nomination of Paulo Guerra, Arraes' running mate, as the PSD candidate for Vice Governor probably raised Arraes' political stock a few points. Rumor has it, however, that the UDN will now attempt to nullify that gain by nominating a member of the PSD, probably Olinda Mayor BARRETO GUIMARES, to be its candidate for Vice Governor.

Following the party convention, Armando Monteiro Filho announced that he would maintain his candidacy for the governorship, running on the tickets of the PDC and the PRT. In the present circumstances, his candidacy could assume a new significance. If he does not withdraw from the race before October 7, he can be expected to draw from Arraes' vote in the interior and to draw from Cleofas' vote in Recife, probably hurting the former more than the latter. It should be noted however, that almost nobody expects Monteiro to remain a candidate for longer than a few more weeks.

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The Cleofas-Governor SAMPAIO camp remains extremely optimistic, fully confident of victory in October. This optimism is swollen by the success of the continuing campaign to identify Arraes as a Communist and the limited public response Arraes has had recently in the interior. On his last trip upstate, Arraes was reported to have held successful comicios in only three or four of the twenty cities and municipalities he visited. In an attempt to remedy the ills of his interior campaign, Arraes took off again this week on a swing through the state, reportedly planning to visit another thirty municipalities. (LIMITED OFFICIAL USE)

2. Army Announces Arrest of "Guerrilla" Fighters and Seizure of Plans

The IV Army finally announced this week some of the details of the arrest of eight persons engaged in "guerrilla" operations and the seizure of crude plans for the initiation of a larger-scale operation in the general area of Bon Jardim, Pernambuco. The arrest took place on or about August 1. The leader of the group was identified as JOEL ARRUDA CAMARA, formerly a student at the University of Recife Law School and reportedly one of the most active participants in the Law School strike of June, 1961 which was touched off by the visit of the mother of CHE GUEVARA. The press reported subsequently the arrest of MANUEL TERTULIANO (brother of FRANCISCO JULIAO) and fourteen other persons, including an employee of the City of Recife, all of whom were said to be involved in the affair.

According to press reports, Camara and his group were arrested as they attempted to invade the fazenda "Horizonte" in the municipality of Bon Jardim. Follow-up investigation led to the discovery of crudely drawn plans for a larger-scale "guerrilla" operation in that part of Pernambuco, together with a small quantity of arms and a number of documents, one of which was said to be a list of names of persons who had assisted the movement. After thorough interrogation, Camara was taken before the press, and the press was allowed to see some but not all of the seized plans and other documents.

Camara was reported to have assumed complete responsibility for the operation, at the same time boasting that he was the primary representative of Francisco Juliao in the Mata and Agreste zones of Pernambuco. He identified Juliao as the head of the Ligas Camponesas of Brazil, and said that ASSIS LEMOS, President of the Paraíba Federation of Ligas Camponesas, was a representative of Juliao.

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The Consulate General was subsequently informed by a friendly reporter who normally covers IV Army Headquarters, that the IV Army Command had not divulged all of the information bearing on the case. The reporter stated that Camara told IV Army intelligence officers that Pernambuco candidate Miguel Arraes had promised jobs in the state government to the "general staff" of the Ligas Camconesas in the event of his election, that Camara had identified industrialist and senatorial candidate JOSE ERMIRIO DE MORAIS and other elements of the PTB as sources of financial support for the Ligas, and that Camara named Catholic University Professor ENILDO XAVIER CARNEIRO PESSOA as one of the persons most heavily involved in the whole incident. The IV Army, according to the reporter, felt that the release of this and other delicate information would be politically inopportune at the present time. (CONFIDENTIAL)

3. Strike Suspended: Students Return to Classes

The two month old nation-wide student strike was ended this week as the National Students Union ordered the strike to be suspended and students to return to classes. Surprisingly, the students did not win the one-third representation on university councils for which they were striking.

In Pernambuco the strike ended in time to avert a complete revolt in the ranks of the Pernambuco Students Union (UEP) and a possible overthrow of the present extreme leftist leadership of that organization. As reported in Weekly Summary No. 6, students in some schools at the University of Recife and the Catholic University had started to return to class before the strike ended, defying student leaders. Had the strike continued a short while longer, it is likely that the return-to-class movement would have grown rapidly and provoked a crisis in the UEP. The end of the strike prevented that crisis from arising, but it is now apparent that the leftist leaders of the UEP may face serious opposition in the future. (OFFICIAL USE ONLY)

ECONOMIC

1. IDB Loan for Housing

Governor Sampaio announced on August 10 that the IDB had approved a \$3,860,000 loan to the State Government for low cost housing.

2. Two More French Fishing Vessels Seized

Two more French fishing vessels were seized off the North-eastern coast last week. They were taken while fishing some 18 to 20 miles off the coast of Ceara. Both were taken into Fortaleza.

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Amconsul RECIFE

After impounding their catches and obtaining all necessary information to launch a formal investigation, Brazilian authorities released both boats. (UNCLASSIFIED)

PSYCHOLOGICAL

Local papers continued to devote most prime space this week to the national political situation. Headlines shrieking almost daily that the nation was on the brink of political chaos helped to maintain tension and uncertainty at a high pitch, and the sudden tumble of the cruzeiro ---100 points in about forty eight hours--- sparked new fears of an imminent political upheaval. The question of a plebiscite on October 7 aroused local editorial writers from their customary lethargy and to an unusual display of unanimity in choice of subject matter. Generally, the editorials agreed that the return of the presidential system is a prerequisite to the institution of necessary social reforms, but there was wide disagreement on whether a plebiscite should be held this year or next. All editorials on national political questions were pessimistic in tone, using liberally such terms as "confusion," "agitation," "grave," "uncertainty," and "critical."

The Alliance for Progress received unusually heavy publicity this week, most of it building up to the arrival of AMBASSADOR MOSCOSO. Ultima Hora's anti-American columnist ANGELIA NERY took another swipe at AMBASSADOR GORDON and the Aliança in the weeks only editorial comment on the Aliança appearing in the Recife press. Correio de Ceara, on the other hand, took the Brazilian Government to task for not taking advantage of the full potential of the Aliança. Political instability, excessive bureaucracy, and general disorganization in the administration of public affairs according to Correio de Ceara are the Brazilian factors ruling against a successful Alliance for Progress. (UNCLASSIFIED)

Eugene Delgado-Arias
Eugene Delgado-Arias
American Consul General

CONTRIBUTORS:
WBRilday
WSSmith
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TO : DEPARTMENT OF STATE

1962 AUG 20 AM 9 00

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
AUG 21 1962

RIVAN
ANALYSIS & DISTRIBUTION
BRANCH

DATE: August 14, 1962

FROM : Amembassy RIO DE JANEIRO

SUBJECT : Brazilian Elections 1962. Report No. 25 - Election Coverage Through August 15, 1962.

REF :

As a ready reference for Washington end users this airgram is a catalogue of reports prepared through August 15 by the Embassy and the Consulates in the Brazilian election reporting series.

Enclosure number one is a listing by number, date, subject and classification of reports prepared by the Embassy (including the Brasilia office) in its Brazilian Elections series.

Enclosure number two is a listing of basic election reports, especially those dealing with the specific state races, prepared by the consulates. In addition to these basic reports, the consulates have covered election developments in their weekly political summaries or other periodic reporting, not here listed.

Although several basic election reports are still in preparation, the Embassy's main vehicle for election reporting between now and the October 7 election day will be its weekly report called "Election Highlights", and the consulates will continue their respective weekly series.

For the Ambassador:

Robert W. Dean
Robert W. Dean
First Secretary of Embassy

APPROVED BY:

Robert Hakens
Robert Hakens
Acting Deputy Chief of Mission

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AUG 23 12 11 PM '62

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Drafted by: Robert W. Dean

Content and Classification Approved by:

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| 2 | 897 | May 15, 1962 | A Status Report - Maranhão (CONFIDENTIAL) |
| 3 | 903 | May 15, 1962 | Ex-President Quadros and the São Paulo Gubernatorial Race (CONFIDENTIAL) |
| 4 | 914 | May 22, 1962 | A Status Report - Rio Grande do Norte (CONFIDENTIAL) |
| 5 | 938 | May 23, 1962 | Governor Alves Conducts a Public Opinion Poll in Rio Grande do Norte (LIMITED OFFICIAL USE) |
| 6 | 950 | May 25, 1962 | A Status Report - Ceará (CONFIDENTIAL) |
| 7 | 957 | May 29, 1962 | A Brazilian Reports on Situation in the Northeast (CONFIDENTIAL) |
| 8 | 977 | June 5, 1962 | A Status Report - Alagoas (CONFIDENTIAL) |
| 9 | 960 | June 8, 1962 | The Chamber of Deputies (CONFIDENTIAL) |
| 10 | 1006 | June 13, 1962 | "Julião Denounces the Electoral Farce" (CONFIDENTIAL) |
| 11 | 1036 | June 22, 1962 | Books on Brazilian Elections and Related Political, Economic and Social Matters (UNCLASSIFIED) |
| 12 | 1037 | June 22, 1962 | The Petrobrás Issue (CONFIDENTIAL) |
| 13 | A-29 | July 10, 1962 | Court Decision Forces Elections of Guana- bara State Legislature in October (LIMITED OFFICIAL USE) |
| 14 | Brasilia 1058 | June 28, 1962 | The Issues (CONFIDENTIAL) |
| 15 | A-38 | July 11, 1962 | A Status Report - Piauí (CONFIDENTIAL) |
| 16 | A-50 | July 13, 1962 | Election Developments - Ceará, Maranhão, and Rio Grande do Norte. (CONFIDENTIAL) |
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| 20 | A-106 | July 24, 1962 | The Implications of Brazilian Electoral System for the October Congressional Contest (CONFIDENTIAL) |
| 21 | A-108 | July 26, 1962 | The Senate (CONFIDENTIAL) |
| 22 | A-139 | August 3, 1962 | Brazilian Military Elects Non-Political Role for Clube Militar (CONFIDENTIAL) |
| 23 | A-159 | August 8, 1962 | A Geography of Leftist Political Strength and Ambitions (CONFIDENTIAL) |
| 24 | A-174 | August 10, 1962 | A Status Report - Guanabara (CONFIDENTIAL) |

Embassy and Brasilia Office Reports Not Included in the Numbered Election Series

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| 802 | April 11, 1962 | The Church and the Elections (CONFIDENTIAL) |
| 994 | June 8, 1962 | Anti-American Speech by Governor Brizzola of Rio Grande do Sul, May 22, 1962, at Rio de Janeiro (CONFIDENTIAL) |
| 1025 | June 19, 1962 | "Conservatives" Support Arraes for Governor (CONFIDENTIAL) |
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| | A-5 | July 12, 1962 | Amazonas (CONFIDENTIAL) |
| Belo Horizonte | 37 | June 28, 1962 | Basic Status Report No. 1 - State of Minas Gerais (CONFIDENTIAL) |
| | A-3 | July 18, 1962 | Supplemental Status Report No. 3 - State of Minas Gerais (OFFICIAL USE ONLY) |
| | A-5 | July 25, 1962 | Supplemental Status Report No. 4 - State of Minas Gerais (OFFICIAL USE ONLY) |
| Curitiba | 59 | June 5, 1962 | Election Campaign in Paraná and Santa Catarina (OFFICIAL USE ONLY) |
| | 66 | June 25, 1962 | Interview with Newton Carneiro, UDN Candidate for Federal Deputy, on Present Political Situation (CONFIDENTIAL) |
| | A-2 | July 10, 1962 | Position of PTB and of Its President Dr. Doutel de Andrade in Santa Catarina (CONFIDENTIAL) |
| | A-11 | July 31, 1962 | A Status Report - Paraná (CONFIDENTIAL) |
| Recife | 172 | March 30, 1962 | The Political Scene in Pernambuco (CONFIDENTIAL) |
| | 176 | April 13, 1962 | Candidates from Pernambuco in 1962 Congressional Elections (CONFIDENTIAL) |
| | 173 | April 27, 1962 | Movimento de Cultura Popular Voters Campaign (OFFICIAL USE ONLY) |
| | 192 | June 22, 1962 | Key Political Personalities in Pernambuco (CONFIDENTIAL) |
| | A-4 | July 5, 1962 | Brazilian Elections 1962: Paraíba (CONFIDENTIAL) |
| Salvador | 44 | April 2, 1962 | Bahia Gubernatorial Campaign (LIMITED OFFICIAL USE) |
| | 49 | June 3, 1962 | Campaign: I: Bahia, April 2 - June 3, 1962 (CONFIDENTIAL) |

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| | 54 | June 25, 1962 | Brazilian Elections 1962: III: June 3-22, 1962 (CONFIDENTIAL) |
| | A-1 | July 9, 1962 | Brazilian Elections 1962: IV: Sergipe in the Balance (CONFIDENTIAL) |
| | A-5 | July 24, 1962 | Brazilian Elections 1962: Lomanto and Pires in Bahia, June 22-July 24, 1962 (CONFIDENTIAL) |
| São Paulo | 291 | June 5, 1962 | "Christian Social Pledge" Reflects Left Wing Church Beliefs (LIMITED OFFICIAL USE) / Deals with Church involvement in politics and in the elections/ |
| | 321 | June 27, 1962 | Brazilian Elections 1962: São Paulo Gubernatorial Race (CONFIDENTIAL) |
| | A-33 | August 15, 1962 | São Paulo Federal Deputies (CONFIDENTIAL) |

CONFIDENTIAL

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August 15, 1962

Dear Senator Dickson:

Thank you for your letter of August 7, 1962 with which you enclosed a letter from Mr. Andrew A. Grant, Jr., regarding the problem of Northwest Brazil.

Mr. John L. Galber of the Agency for International Development (Code 102 - Subsection 703) would be in a better position than anyone else in the Department of State to furnish the comments you desire. I am accordingly referring your letter to him for further reply.

Please do not hesitate to write whenever I may be of assistance.

Sincerely yours,

Frederick S. Sutton
Assistant Secretary

732.00/8-15-62

The Honorable
Everett McKinley Dickson,
United States Senate.

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AIR PRIORITY

HANDLING INDICATOR

TO : DEPARTMENT OF STATE
1962 AUG 17 PM 2 45

ANALYSIS & DISTRIBUTION
BRANCH

FROM : Amcongen SÃO RAULO

DATE: August 15, 1962

SUBJECT: Weekly Summary No. 33

REF :

DEPARTMENT OF STATE
BUREAU OF
AFFAIRS

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 3. PTB Nominates José Bonifácio
 4. PSD Nominates Adhemar
 5. Jânio's Line Swings Left
 6. U Thant in São Paulo

- PSYCHOLOGICAL: 1. Local Press Reaction

POLITICAL

1. Paulista Worry Increases

Articulate Paulistas seem thoroughly fed up with the prolonged national crisis. Several speakers in the State Legislative Assembly and even in the Municipal Chamber (usually concerned only with buttering its own bread) last week came out strongly against President GOULART. Assembly President Abreu SODRE, a strong candidate for the Senate, accused Goulart of "manufacturing crises in series" to increase his personal powers at the expense of the nation. Even Governor CARVALHO PINTO, who is anxious to stay out of the quarrel at almost any cost (item 2), made one mildly anti-Goulart statement. All important newspapers except leftist/nationalist Ultima Hora and

FORM DS-323
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Goulart-controlled Correio Paulistano attacked the President (see local press reaction). (Correio openly suggested that he dissolve Congress.) The papers gave an intense publicity build-up to Guanabara Governor Carlos LACERDA, who was expected to arrive in São Paulo to deliver one of his traditional give-'em-hell television speeches, if censorship allowed.

There appeared also to be increased activity in the numerous anti-Communist, "democratic-action" groups which have sprung up like mushrooms in the year following Jânio QUADROS' resignation. One group has organized itself along lines remarkably similar to the Communist cell pattern. It plans to start soon at using fire to fight fire, interrupting Communist rallies and organizing some of its own. Some of the new anti-Communist groups, unfortunately, are believed to be reactionary and negative in approach; but they do reflect a stirring of public opinion which has been the most encouraging result of a year of crises. (LIMITED OFFICIAL USE)

2. Carvalho Pinto Takes Long Leave

São Paulo Governor Carvalho Pinto has taken leave of office for the third time, turning the governorship over to the Chief Justice of the highest State court. (The Vice Governor and the President of the State Legislative Assembly, who are first and second in line, are prevented from assuming the office by their candidacy to legislative positions.) Persistent rumors have it that the Governor wants to stay out of office until after the October 7 elections. His stated reasons for the leave: more work is needed on the second "Plan of Action" (for economic development) and on José Bonifácio Coutinho NOGUEIRA's gubernatorial campaign. (UNCLASSIFIED)

Comment: The Governor's real reasons are believed to be the following three:

- (a) José Bonifácio needs all the help he can get.
- (b) Carvalho Pinto is by nature a quiet moderator rather than an outspoken fighter, but the national crisis has reached the point of requiring clear definitions from such principal players as the Governor of São Paulo. By temporarily retiring from office, Carvalho Pinto probably hopes to avoid such definitions and remain in his preferred role as behind-the-scenes conciliator.

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(c) The Governor obviously values the support of the São Paulo PTB (Partido Trabalhista Brasileiro) for José Bonifácio's gubernatorial candidacy (see item 3), which in turn requires the support of President Goulart. But if Carvalho Pinto were forced to take sides, he could not easily escape opposition to the President on some key issues. This week, for example, he could not avoid making a statement against rushing the plebiscite (on presidentialism vs. parliamentarianism) so dear to Goulart. He came out limply in favor of the new governors' meeting wanted by the President, but one may safely guess that he finds the idea of attending it distasteful. He undoubtedly hopes to avoid these issues by taking leave.

It remains to be seen whether Carvalho Pinto's refusal to take sides on important issues will harm his eventual national aspirations. His conciliatory positions have usually worked out well so far, but growing numbers of Paulistas believe that the critical times no longer admit ambiguities (item 1). (LIMITED OFFICIAL USE)

3. PTB Nominates José Bonifácio

The Brazilian Labor Party (Partido Trabalhista Brasileiro -- PTB) has formally nominated José Bonifácio Nogueira for the São Paulo governorship. While it had earlier expressed the intention of doing so, it continued to toy openly with the idea of a "candidate of the left" such as Almino AFONSO. Afonso had visited São Paulo days before the nominating convention and had not denied interest in the nomination.

The party stated that it had supported José Bonifácio "considering that the popular parties, of which the PTB is the incontestable leader, are not in a position to name a nationalist candidate from laborite ranks...." (OFFICIAL USE ONLY)

Comment: The PTB is a long way from being the "incontestable leader" of the so-called "labor" parties in São Paulo, but its adherence to the administration coalition (PDC, UDN, PR, PST, PRT) should be of help to José Bonifácio. Governor Carvalho Pinto obviously thinks so (see item 2). The PTB's value in this race is not so much a reflection of its own power, which is not great in São Paulo, as in its alteration of José Bonifácio's conservative image. A lot of ultra-leftists in the PTB will be impeded from attacking their own candidate.

It is not clear whether the expected deflation of the "candidate of the left" notion was the result of Almino Afonso's reluctance to run for a token

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vote or of a last-minute change of heart by the São Paulo PTB. President Goulart apparently approved of Afonso's candidacy. By taking a few votes away from Jânio Quadros, it might actually have been a help to José Bonifácio. (LIMITED OFFICIAL USE)

4. PSD Nominates Adhemar

The São Paulo PSD (Partido Social Democrático) voted to support Adhemar de BARROS for Governor on August 5. Adhemar's PSP (Partido Social Progressista), in return, will surely support Auro Moura ANDRADE for re-election to the Senate. Senator Moura Andrade freed the PSD to support Adhemar by withdrawing from the Governorship race, in which he was clearly running a poor fourth. The PSD and the PSP reportedly plan to run their legislative candidates on joint slates. The integralist (fascist) PRP -- Partido de Representação Popular -- is the third, weak member of the coalition.

A dissident wing containing a few of the PSD's important figures split off in protest to support administration gubernatorial candidate José Bonifácio Nogueira. Ex-Governor Lucas Nogueira GARCEZ quietly resigned from the PSD. Encouraged by this split, a small dissident wing of the PSP also decided to support José Bonifácio. (OFFICIAL USE ONLY)

Comment: The PSD's decision is a distinct help to Adhemar and a blow to José Bonifácio. The writing on the wall had been clear for the last two weeks, however. The PSD had more to gain as member of an almost exclusive coalition with Adhemar than as part of a big alliance with the administration candidate. The PSD and PSP have much in common in São Paulo: both are predominantly conservative, corrupt, and opportunistic. But either separately or on a joint slate, they will probably return big benches to the Federal Chamber. They also have a good chance to elect Adhemar Governor and Moura Andrade Senator.

The PSD split dramatized a fact which has become increasingly apparent: most conscientious São Paulo politicians are with José Bonifácio. Almost none are with Jânio, and those who back Adhemar usually do so in the alleged conviction that only he can beat Quadros. The higher caliber of the men behind José Bonifácio is unmistakable. (LIMITED OFFICIAL USE)

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5. Jânio's Line Swings Left

Jânio Quadros' campaign pronouncements appear to be taking on a more leftist coloration, though he remains one of the world's great masters in the art of evasive ideology. He still throws crumbs to the conservatives and centrists. "We need foreign capital," he recently said, adding "but let it stop and stay here" -- presumably meaning that it should not remit profits to the country of origin (a neat campaign line, but hardly one to appeal to foreign investors). In one of his few references to his controversial Cuban policy, Jânio showed no signs of second thoughts: "The problem was the Cubans and I did not like to see the American heel crushing a little country." He has still not defined the "occult forces" which "overthrew" him, but in one recent speech he reportedly identified the mysterious powers with the "reactionaries," not putting in the usual qualifier that Communists were involved too. (LIMITED OFFICIAL USE)

6. U Thant in São Paulo

United Nations Secretary General U THANT visited São Paulo on August 8 and 9, delivering a lengthy speech at the São Paulo University Law School on the U.N.'s role in "the Decade of Development." His activities were well covered by the press. Striking law students took advantage of his visit to air their griefs, and the "Popular Movement for the Liberation of Angola" (Movimento Popular pela Libertação de Angola -- MPLA) asked for his help. The Secretary General showed public relations talents: when told that it never snows in São Paulo, he opined that this metropolis should be kept in mind if the U.N. ever decides to move. (UNCLASSIFIED)

PSYCHOLOGICAL

1. Local Press Reaction

The questions of special powers for Premier Brochado da Rocha and a plebiscite on parliamentarianism, continued to dominate São Paulo editorial columns this week. Other than far left Ultima Hora and Goulart-controlled Correio Paulistano, writers held the President to be behind the present confusion and semi-crisis, in his desire to capture strong control of the country. "Mr. João Goulart has decided that he will rule the country, but never within the Constitution," said prestigious O Estado de S. Paulo. War Minister General Nelson de Mello's statement advocating an early plebiscite

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hit the headlines hard, and was in turn hit by most editorialists as both an improper attempt to pressure Congress and an improper military interference in the political scene. Almost all commentators now agree that a plebiscite is called for, but feeling varies strongly on when it should be held.

O Estado and Folha de S. Paulo hit the Government's censuring of a strong anti-administration radio/TV speech by Governor Carlos Lacerda of Guanabara: both papers called the action strange though legal, and wondered why the Government doesn't do the same thing when Governor Brizzola preaches revolution on the air.

O Estado and Folha noted the arrival of the Aliança Para o Progresso's first anniversary, and lamented that too little has been accomplished under the program. The peoples of Latin America cannot be held responsible, said they, nor can the United States. The fault lies with governments which have not presented the plans and reports required by Kennedy's program. O Estado accused Brazil's government of conspiring, by omission, against the Alliance.

Two papers commented on the anti-Communist manifestations at the Helsinki Youth Festival, enjoying the discomfiture of the Communists and lauding the student demonstrators. O Estado marked the first anniversary of the Berlin Wall, noting that its construction "was the confirmation of the failure of the Communist system and of the defeat of Soviet power in Germany." O Estado also ventured into U.S. domestic politics this week, opining that Soviet intransigency in the Geneva disarmament talks is designed to aid Republican criticism of the Democratic administration.
(UNCLASSIFIED)


Daniel M. Braddock
Minister Consul General

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PRIORITY

Following from Brasilia.

Embassy informed by reliable source Council of Ministers that Governor Magalhaes Pinfo who has been attending Brasilia Conference Governors last night and early this morning worked out formula stopgap settlement Goulart quarrel with Congress for full powers which said have support principal party leaders and executive. Under this agreement expected be finalized shortly Congress would return Brasilia August 28 for very brief "concentrated efforts" session of few days only to consider constitutional amendment which would permit new Congress amend certain parts Constitution by absolute majority vote; provide for reconsideration ATO Adicional and if ATO sustained, plebiscite to be held there on April 15.

This agreement, if finalized does not appear be much more than face savor for Goulart whose prestige and authority seriously involved in present crisis (additional comment will follow) since two-thirds vote needed pass such amendment. This seems difficult if not impossible unless crisis as serious as last months forces return such large numbers campaigning congressmen to Brasilia any time between now and October 7. Principal effect outlined agreement would be postpone crisis which has been building up potentially serious tensions, another ten days or two weeks.

GORDON

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During visit with Lacerda and Moscoso to housing project this morning, I was able inquire Lacerda's reaction Governors meeting in Brasilia and present appraisal political prospects. He thought meeting generally inconsequential, but is pessimistic on outlook mainly as result two conversations between Goulart and Juracy, reported to him by Juracy. Goulart was in angry mood about Congressional resistance on plebiscite. Especially incensed at Herbert Levy's attack on "Communist connivance" with Brochado. Goulart said Levy is weak, and if spoiling for fight with Goulart, Goulart would like to have tickets for the show.

Juracy replied to Goulart that he also weak and that only strong thing in Brazil was law, which Goulart would do well to respect. Goulart replied that he wanted to respect law, but was not sure that he could restrain popular masses from taking things into own hands in righteous indignation against reactionary Congress. (Lacerda had disturbing impression that Goulart at least half believes this form of mystagogy.)

Juracy then warned Goulart sternly against any effort take over more power illegally. Said this could not be done peacefully. Goulart should not fool himself into supposing that he had broad military backing. Any such effort would involve much blood-shed and would very likely fail. If by any chance it succeeded, Goulart would not last long in any case, because Communists would throw him out. Unfortunately, it was Juracy's impression that this warning did not make great dent on Goulart.

Effort's

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-2- 416, August 17, 7 p.m., from: Rio-de-Janeiro

Efforts at compromise still continuing in Brasilia. Magalhaes Pinto is laboring to this end. In very brief political talk yesterday before he saw Moscoso, he told me of attempt get center parties commit themselves firmly to constitutional amendment adoption after October elections setting plebiscite for early next year. He said Oliveira Brito amendment would not go far enough to satisfy Goulart, since it would leave decision in hands next Congress, which presumably even less willing than one give up powers control Cabinet nominations and elect future presidents. Magalhaes Pinto still had qualified optimism on likelihood securing such compromise, although obviously very nervous. Regarded Cabinet resignation next week as still quite possible instrument in this current war of nerves.

Lacerda had only one cheerful note namely request from War Minister Nelson de Mello for a talk with him early next week.

GORDON

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DEPARTMENT OF STATE

AIRGRAM

732.00/8-17-62

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PRIORITY HANDLING REQUIRED

TO : DEPARTMENT OF STATE BUREAU OF INTER-AMERICAN AFFAIRS
1962 AUG 20 PM 2 58

AUG 23 1962

REMAN ANALYSIS & DISTRIBUTION BRANCH

FROM : Anembassy RIO DE JANEIRO DATE: August 17, 1962

SUBJECT : BRAZILIAN ELECTION HIGHLIGHTS - August 11-17

REF :

With the Congress still very much in session and with the second meeting of the Brazilian governors, the political spotlight remained centered in Brasilia where the critical parliamentary-system versus presidential-system duel continued to absorb both the energies and the imagination of the politicians as well as the interest of the Brazilian public. Despite numerous predictions of clearing political skies, there were still reports of concern as to whether the October elections will be held or not. The Government imposition of censorship (see Weeka 32) of radio and TV broadcasts, although now suspended by court order, did much to aggravate the uneasiness felt by opposition political leaders about the fragility of Brazil's democratic framework in the turbulence of the present (and future) political struggles.

In other areas of electoral interest, there were indications that the PTB may be going through the motions of abandoning its general ultra-leftist posture for a more moderate leftist position. Following strong criticisms by Senator Caiado de Castro of Guanabara, Deputy Menotti del Picchia of São Paulo, and Osvaldo Aranha Filho of Guanabara about the present Marxist-leftism of the Party and the desertion of the original Getulio Vargas precepts, the PTB directorate has taken steps to appease its more moderate elements. Among these steps was the denial of a PTB berth for the federal deputy candidacy of Marco Antonio Coelho in Guanabara; Snr. Coelho is an editor of the communist newspaper Novos Rumos and personal secretary of PCB boss Luis Carlos Prestes. These steps and the rumors of a leftist versus moderate split within the PTB are being interpreted, variously, as: (1) just so much political smoke to keep the leftist but anti-communist

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Drafted by: H. Walters, R. Schneider, L. Cooley

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vote, (2) a genuine reaction to the recent criticism, and/or (3) preparation for the possible legalization of the Brazilian Communist Party (PCB) and its collective exodus from the PTB ranks.

Electoral Rules, Regulations, and Threats

Spokesmen for the Goulart administration have returned to the theme that "economic interests" are subverting the elections. The Minister of Justice, still smarting from the spanking given him by Congress over the censorship of Guanabara Governor Carlos Lacerda's speech (see Weeka 32, item 4), has threatened to seek legislation to curb the electoral influence of monied groups and to crack down on political activities of the Catholic Church, whose Family Electoral Alliance (Embassy Despatch 802 of April 11) has recently begun to get up steam. While its leaders assert publicly that they will evaluate candidates on the basis of their "family life," no one doubts that ideological orientation will be a major factor in developing lists of approved candidates.

Under existing regulations as recently restated by the Superior Electoral Tribunal, penalties of six months to two years can be invoked against owners of radio and television stations who do not reserve two hours of prime listening time daily for free electoral propaganda (allocated among the parties in proportion to their legislative strength). In addition they cannot charge more for paid political advertisements than their normal commercial rates. Beginning on September 8 no paid propaganda will be permitted, and during the final 15 days it will be a crime even to divulge the results of "straw" polls. The electoral reform bill now receiving finishing touches in Congress contains some additional provisions designed to control abuses, but one of the few certainties with respect to the October elections is that money will still talk loudly and that almost anyone willing to spend enough can get elected to the Chamber of Deputies. (Sebastião Pães de Almeida, former Finance Minister under Kubitschek, expects to spend Cr\$100,000,000 to be elected Federal Deputy from Minas Gerais.)

Bahia

A third candidate was launched in the Bahia gubernatorial race by the MTR when Aristóteles Gois, a self-proclaimed centrist, was picked in preference to Waldir Pires of the PSD. Other MTR candidates named: for senator Josefa Marinha, of the UDN, and Jânio Quadros (who will undoubtedly prefer to maintain his São Paulo gubernatorial candidacy rather than accept the Bahia nomination). While losing the MTR backing, Waldir Pires did win a nomination from the PDC as did Josefa Marinha and Antonio Balbino (PSD), who are now PDC senatorial candidates. The lightly regarded Gois candidacy has been originally reported to be of most benefit to the Lomanto Junior UDN-PTB-PL candidacy and most detrimental to the Waldir Pires PSD-PDC candidacy in the now three-way Bahia race.

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Piaui

The smoking intra-mural struggle within the Piaui PTB state machinery burst into open flame this week with Deputy Clidenor Freitas' trip to Brasilia to consult with President Goulart. Deputy Freitas, reportedly backed by 32 of the 56 PTB municipal directorates, hopes to wrest official control of the Piaui PTB machinery away from former Governor Chagas Rodrigues who is now struggling fiercely to maintain his waning influence within the state. Deputy Freitas has already endorsed, and is a candidate with, the UDN-PSD coalition forces against the Chagas-endorsed PTB slate of candidates.


Pernambuco

The Pernambuco senatorial race, in which wealthy industrialist José Emirio de Moraes (PTB) and newspaper-TV-radio magnate Francisco Pessoa de Queiroz (PTB) had been considered sure winners, was enlivened by the entry into the race of Deputy Barbosa Lima Sobrinho, former governor and esteemed socialist (PSB) intellectual. Other definite senatorial candidates include PL incumbent Antonio de Novaes Filho while the other incumbent, Jarbas Maranhão, has yet to be registered by the PSD.

For the Ambassador:


Edward T. Walters
Second Secretary of Embassy

APPROVED BY:


Robert Bakens
Acting Deputy Chief of Mission

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1962 SEP 21 AM 10 42

TO: DEPARTMENT OF STATE
 Rio-1
 Brasilia Office-1
 Belém-1
 AN-MC
 Manaus-1
 FROM: Amconsul, BELÉM, PARA
 SUBJECT: Brazilian Elections 1962; Report No. 10 -- Amazonas
 REF: Belém's A-5, July 12, 1962
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 II. List of Political Incumbents and Candidates
 III. Additional Political Personalities

DEPARTMENT OF STATE
 BUREAU OF TIDM
 INTER-AMERICAN AFFAIRS
 SEP 25 1962
 DATE: August 17, 1962

Handwritten notes and signatures:
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 JH
 JAE
 JAA
 RMK - Jm
 10/8 - Jm

The campaign for the governorship of the state has gained considerable impetus since the referenced report and seems to be approaching something of a balance of forces. What looked to be a definite victory for Flávio GÓELHO (PTB) can no longer be considered quite definite. The business community of Manaus, the only really firm PTB stronghold in the state, has come out in practically solid support of Paulo MERY (PSD) and is pledging their resources, financial and otherwise, toward the success of his campaign. It is reported that I. B. Sabba, reputedly the wealthiest and the most influential businessman in the state, who was hesitating in coming out for Mery, but unyielding in his enmity toward Góelho, has recently taken his stand on Mery's side and contributed CR\$60,000,000 (sixty million cruzeiros) to his campaign. To insure a more accurate counting of the votes in the interior, the PSD has managed, so it is reported, to buy up this far in advance a sufficient number of plane tickets for their representatives to be on hand for a review of the proceedings at all voting places. The interior has been traditionally and strongly PSD and has benefited but negligibly from the administration of Gilberto

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Mestrinho in comparison to the capital city Manaus.

Mestrinho is for all purposes backing the candidacy of Coêlho, but how whole-hearted this support is is impossible to say. He has flatly refused to retract any of the statements he made against Coêlho during their bitter feud. He has, in addition, showed himself at times to be the man above and beyond the political party; for instance, he hesitated neither to endanger the integrity of the PTB structure in opposing Coêlho in the elections for mayor of Manaus nor to publicly praise members of other parties, such as Jayme ARAUJO (UDN), Pereira da SILVA (PSD), and Wilson CALMON (PSP) for their political efforts in behalf of the state. In spite of these considerations, it is far more credible to assume that he will do all possible to insure the election of Coêlho in order that he may maintain the favor of President Goulart and thus his own position in the PTB which he controls locally and may need to exploit nationally. Although a vain man, he is shrewd enough to save his vengeance for a time when it will further his aims directly.

Although Coêlho does not enjoy the popular support Mestrinho does and although Nery is quite confident that he will obtain a majority of the actual votes in the ballot boxes, it would be naive to conclude that the true popular vote will determine who shall be the next governor of the state. The deciding factor, assuredly the result of complex intrigue, seems to be actual physical control over the counting and the recording of the votes.

II. LIST OF POLITICAL INCUMBENTS AND CANDIDATES

The following politicians are not classified according to the categories outlined in Brazilian Election Report No. 1, Anembassy, Rio de Janeiro, Despatch 891 of May 14, 1962, because of a lack of information in many of the cases. Classification of certain individuals is contained in the referenced airgram and this airgram, and will be completed in subsequent reports as the information becomes available. The following list of candidates is the most recent available to the Consulate:

| <u>INCUMBENTS</u> | <u>CANDIDATES</u> |
|---|--|
| | <u>Governor</u> |
| Gilberto MESTRINHO (PTB) | Flinio COELHO (PTB/PST/PL) Paulo NERY (PSD) |
| | <u>Senators</u> |
| Mourão VIEIRA (UDN) Paulo COELHO (PSD) | Artur VIRGILIO (PTB) Antevilla Mourão VIEIRA (PL) Alvaro MALA (PSD) Alberto ROCHA (PSD) |
| | <u>Deputies</u> |
| Adalberto VALE (PTB) Almino AFONSO (PTB) Artur VIRGILIO (PTB) | Almino AFONSO (PTB) Jayme ARAUJO (UDN) Paulo COELHO (PTB) |

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INCUMBENTS

CANDIDATES

Deputies (cont'd)

Jayme ARAUJO (UDN)
João VEIGA (PTB)
Pereira da SILVA (PSD)
Wilson GALMON (PSP)

João VEIGA (PTB)
Pereira da SILVA (PSD)
Carvalho LEAL (UDN)
Wilson GALMON (PSP)
José ESTEVES (PTB)
Nicolau AKEL (PTC)
Evandro GARRERA (PTB)
Cunha MELO FILHO (PTB)
Aureo MELO (PTB)
Mirandolino CALDES (PSD?)
Nelson BRAGA (PST)
A. Antunes de OLIVEIRA (PSB)
Justino MELO (PTB/PST)
Leopoldo FERES Sobrinho (PSD)
Antonio José PIRES (PTB)
Abrahão SABBÁ (PSD/PST)
Djalma PASSOS (PTB)
Manuel BARBUDA (PTB)
Eunáfedes Ferreira LINS (PTB)
Elcadir Souza LIMA (PTB)
Aristófano Antunay (PSD)
João BRAGA (PSD)

III. ADDITIONAL POLITICAL PERSONALITIES

Gilberto MESTRINHO (PTB). Governor of Amazonas; for additional comments, see Belém's A-17, August 17, 1962.

Artur VIRGILIO de Carmo Ribeiro (PTB). Born February 12, 1921, at Manaus, Amazonas, and educated in law, he is the bearer of the Cruz Vermelha Brasileira and the Medalha de Mérito Santos Dumont. As a member of the PSD from 1945 to 1953, he was elected state deputy twice, in 1946 and in 1950. He changed to the PTB in 1953 and since then has been State Secretary of Economy and Finance (1954), state deputy (1954), State Secretary of the Interior and Justice (1955-56), and federal deputy (1956); he is presently a candidate for senator. He is a mulatto, very conscious of being one, and for some time has been concerned with the racial problem in the United States. Once considered firmly pro-West, Virgílio has recently begun to expound Marxist theories in public and to attack United States policies. Useful innocent or fellow traveler.

Alberto ROCHA (PSD). Born in Manaus, now about 55 years old, he is a candidate for senator. His father was Aristides Rocha who was exiled in 1930 by Getúlio Vargas. He has practiced as a lawyer and as a journalist. He was the assistant to Minister of Justice Nasser and became briefly interim Minister of Justice upon the resignation of Nasser in 1961. Centrist.

Antônio Rodrigues Mourão VIEIRA (PL). Vieira is a teacher by profession who was once appointed mayor of Manaus. A man of very modest resources, it is widely felt that he was elected senator as a front man for the PTB

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Belém A-18

and is up for senatorial re-election in the same capacity. Centrist.

Almeida AFRISO (PTB). He is a lawyer who spends most of his time in São Paulo. He calls himself a social reformer and a nationalist, and has been methodical in supporting agitation among far-left student and labor groups in Manaus, working closely, it is reported, in this respect with Arlinda Forte. He has become more and more vocal in his denunciation of the presence of foreigners, especially Americans, in Brazil. His re-election is receiving full support from the members of the Student-Worker-Farmer pact. Leftist ultra-nationalist.

Aristófano ANTUNY (PSD). In his late fifties, Antuny is a practicing journalist whose articles appear daily in the Manaus A Crítica. He is from one of the most prominent and wealthy families in the state, and is currently president of Manaus' Rio Negro Clube, the most exclusive private club in the city. Antuny is pro-American in his writings (his poet son is living in the United States) and basically conservative, with interesting "political in-laws": his daughter is married to Artur Virgílio's brother and his wife is a sister of Gilberto Mestrinhe's mother-in-law. He is a candidate for federal deputy. Conservative.

João de Brito Albuquerque VEIGA Filho (PTB)/ Born in Recife on December 17, 1915, he attended primary and secondary schools in Recife, and later the Medical School of the University of Bahia. He served in Amazonas as Secretary of Education and Health and was thrice elected state deputy. A doctor by profession, he is a member of the International College of Surgeons and attended the International Congress of Surgery in Chicago in 1957. In addition to a 3 months' stay in the United States at that time, he has visited Europe. He cannot be classified until further information is obtained.

Eleadir Souza LIMA (PTB). Candidate for federal deputy, Lima is a brother of the Archbishop of Manaus. Once having had plans to organize a Catholic Party, he is now heading a movement to infiltrate existing political parties with liberal non-communist Catholic elements. He is not receiving the support he expects of the Archbishop, who is firmly opposed to the Church's taking part in politics. He is not expected to win. Non-communist radical reformer.

Paulo Pinto NERY (PSD). Standing against his election as governor is the rather large popular backing of the PTB, the great financial and physical power in of the incumbent PTB administration, and his association with a party that in comparison with the PTB has done little for the state. On the positive side are his high standing as a member of one of the traditional families in the area, wide support in the interior of the state, and increasing support from the business community, including the press. In any event, his defeat is by no means certain at this time.

Edward J. Holway, Jr.
Edward J. Holway, Jr.
American Consul

cc: Embassy, Rio de Janeiro
Embassy, Brasilia

Department please pass to all posts in Brazil.

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| DESIGN/ACTION | | | DEPARTMENT OF STATE | | | 732.00/8-1762 | | |
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| 2 | | | NO. | | | HANDLING INDICATOR | | |
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| NEA | CU | INR | TO : DEPARTMENT OF STATE | | | | | |
| E | P | IO | RIO - 1 BRASILIA - 1 MANAUS - 1 SAO LUIZ - 1 BELO HORIZONEE - 1 CURITIBA - 1 | | | | | |
| L | FBO | AID | PORTO ALEGRE - 1 RECIFE - 1 SALVADOR - 1 BAHIA - 1 SAO PAULO - 1 | | | Total (11) | | |
| RM/AN * WCG | - 1 | | FROM : Amconsul, BELEM, PARA | | | DATE: August 17, 1962 | | |
| AGR | COM | FRB | SUBJECT : Brazilian Elections 1962; Report No. 9 -- Rio Branco | | | RM 20 card | | |
| INT | LAB | TAR | REF : | | | DEPARTMENT OF STATE BUREAU OF INTER-AMERICAN AFFAIRS SEP 24 1962 | | |
| TR | XMB | AIR | TABLE OF CONTENTS | | | RMK - [unclear] 10/8 - [unclear] | | |
| ARMY | CIA | NAVY | I. General | | | | | |
| ORD | USA | NSA | II. Candidate for Federal Deputy | | | | | |
| 12 | 8 | 8 | NOTE REPEATS | | | | | |
| ABOVE | | | I. GENERAL | | | | | |
| | | | <p>The Federal Territory of Rio Branco, an entity since 1943, located in the extreme north of Brazil bordering Venezuela and British Guiana, ranks tenth in land area among the states and territories but last in almost all other respects. The territory is largely a virgin mass of tropical jungles and grassy plains closed in on the northern border by a mountain range. Rainfall, humidity, and atmospheric temperature are excessively high throughout most of the year.</p> <p>The scant population, estimated at 27,000 in 1960 (probably not taking into account the aboriginal tribes of Indians) makes its living on a very limited economy based on cattle and diamonds in the north and on Brazil nuts and rubber in the south. An idea of the limitation of the economy by citing the latter in which case the territory produces less than 1/5 of 1% of Brazilian rubber. A majority of the urban population is illiterate. The capital city, Boa Vista, is little more than a pioneer trading post, reached only by plane. The limited communication facilities, including the one radio station, were installed by the territorial government, and thus are under its direction and for its almost exclusive use.</p> | | | | | |
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Belém A-17

II. CANDIDATE FOR FEDERAL DEPUTY

The only candidate thus far announced for the seat of federal deputy from Rio Branco is Gilberto MESTRINHO de Medeiros Raposo (PTB), the present governor of the state of Amazonas. Born on February 23, 1928, in Manaus, Amazonas, he came from an agricultural family of modest means, at one time milk peddlers in Manaus. He attended primary and secondary schools in Manaus and Fortaleza, and was said to be a student of far-above-average intelligence. Before entering public life, he was a teacher of mathematics in the secondary schools of Manaus. Prior to his election as governor of Amazonas, he held the following positions in the Amazonas government: Administrator of the Ministry of Finance, Fiscal do Imposto da Renda, Fiscal do Imposto de Consumo, Mayor of Manaus, and Secretary of Finance. His wife is Antonietta Verçosa Mestrinho, and they have five children, three of whom are attending a primary school run by the American Redemptorist priests in Manaus.

Although already active in his campaign in Rio Branco, he has not yet stepped down from the governorship of Amazonas, as prescribed by law. His failure to do so is, on one hand, especially in view of little public protest, an indication of his strength, but also a means of maintaining his control over local politics. He is said to be quite concerned with the fact that Arlindo PORTO, leftist President of the Legislative Assembly (and his own brother-in-law) would assume the governorship; for this same reason it is said that Mestrinho limits his trips to less than a 10-day period each, after which Porto would temporarily assume charge. His candidacy for federal deputy from Rio Branco has been interpreted as an attempt to extend his political power, to gain a better vantage point from which to carry on contraband activities, and to avoid political reprisals of a possibly hostile successor by means of immunities and geographical relocation. In any event, it is quite certain that Mestrinho will make Boa Vista his new headquarters for contraband activities. During his time as governor, contraband goods have flowed in and out of Manaus incessantly under his personal direction. Only last week, his private plane was checked by Customs officials in Belém, who found a cargo of American radios aboard.

Mestrinho has visited the United States twice, once for 40 days in which he visited the eastern, midwestern, and southern areas. In word and deed, he has shown himself to be pro-American and anti-communist. Yet in carrying out a liberal program, he has had to tolerate far-leftist personalities in his own PTB, such as Arlindo Porto and Almino AFONSO, and the agitating student-worker-farmer groups. His concrete accomplishments (schools, hospitals, roads, etc.) in Manaus have gained him a popular following that easily extends to Rio Branco. With this popularity buttressed by any sort of force or persuasion he may feel necessary, his victory in Rio Branco is certain.

Mestrinho's supplant in this election is Raimundo MARQUES (PST/PRT). Marques was the vice president of the PSD in Rio Branco, but abandoned the party and joined a PST/PRT faction. He was once governor of the territory and is presently Secretary-General.

Edward J. Holway, Jr.
Edward J. Holway, Jr.
American Consul

cc: Embassy, Rio de Janeiro
Embassy, Brasilia
Please pass to all posts in Brazil.

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~~ARA~~
am/r
File

December 26, 1962

Dear Congressman Van Zant:

Reference is made to your communication of August 17, to which you attached a letter you received from Mr. Donald F. Campbell setting forth his views about the administration of United States assistance programs in Brazil. As I indicated in my preliminary reply to you of August 27, we forwarded a copy of Mr. Campbell's letter to the Embassy in Brazil. His views have received a most searching appraisal by officials here and by Embassy and A.I.D. officials in Brazil as well, and I am pleased to present you with our comments thereon.

Far from aiming solely at furthering a favorable U.S. image, as Mr. Campbell suggests, our aid program to Brazil has been designed to provide the Brazilian Government with the Strategic assistance necessary to supplement its own reform and self help measures and thereby to achieve urgently needed social and economic advancement for its people.

Of particular note in this connection is the Special Alliance Program for Northeast Brazil, which is now being implemented on a priority basis. This two-pronged program is designed to respond swiftly and democratically to the compelling needs of the Western Hemisphere's largest depressed area, and broaden the opportunities for its inhabitants to help themselves. We are cooperating with the state governments and SUDENE, the federally-supported Northeast Development Agency, in a joint attack on the many social and economic problems that presently beset the region. Long-term development plans, nearly all of which include measures to encourage participation of private capital, are now underway or in preparation. The Government of Brazil is providing the major portion of funds for this major self-help effort, over and above the actual and anticipated expenditures of the various states.

732.00 / 8-17-62

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The Honorable
James E. Van Zant
House of Representatives

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ARC/EST/12
S. J. Davidson
1/6/63

(1) 1.3-63
AID: WR Walters

0951


Mr. Campbell's information with respect to SUDENE's Director and certain members of his staff was discussed personally with Mr. Campbell in a recent meeting in Rio with Embassy and A.I.D. officials. As indicated to him, we have been working with SUDENE within the framework of Brazil's democratic system to help meet the needs and aspirations of the people whose discontent is otherwise exploited by those groups that wish to impose their totalitarian solutions to the region's critical problems.

In the case of Ultima Hora, the daily newspaper cited by Mr. Campbell, I am sure you realize that it would not be possible to control the actions or statements of individual American citizens and companies such as those referred to by Mr. Campbell. At least a partial explanation of the appeal of this newspaper to advertisers is the fact that it is widely read throughout Brazil. Although this newspaper has the reputation for being ultra nationalistic in its editorial policy, there is no information to indicate that it is a Communist publication. The Embassy in Brazil has reported that it knows of no instances of advertising by American firms in known Communist newspapers operating in that country.

Mr. Campbell's thoughtful concern is appreciated and the specific proposals which he presented are now being explored and evaluated by the appropriate American officials in Brazil. Mr. Campbell has been encouraged to present his further suggestions in specific action form for consideration by the Ambassador and the country team.

Please do not hesitate to let us know if we can be of further assistance to you in this matter.

Sincerely yours,


Frederick G. Dutton
Assistant Secretary

AID:WRWalters:AMansfield:fl: 12/20/62 LA/B

Clearances:AID:EJBurton
BScherbak

H:Steven A. Nager

0952

ARA
Ry/R

August 27, 1962

Dear Congressman Van Zandt:

Thank you for your letter of August 17, 1962, with which you enclosed a further letter from Mr. Donald Campbell concerning the political situation in Brazil and the use of foreign aid funds to assist Brazilians and Brazilian organizations to fight Communism.

The Department has forwarded your request and your constituent's letter to our Embassy at Rio de Janeiro for its consideration and comment. Upon receipt of a reply I shall be glad to communicate with you further.

If I can be of assistance to you at any time, please let me know.

Sincerely yours,

Frederick G. Dutton
Assistant Secretary

732 00/841962

The Honorable
James E. Van Zandt,
House of Representatives.

Discontinued by [unclear]

ARA:EST/B:JW:Wilson;dhb 8/22/62 AID-Mr. Mapea ARA

cc: Embassy, Rio de Janeiro, by Airgram

①
8-29-62

AW-A

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URGENT

A CONGRESSIONAL - FOR IMMEDIATE ACTION

A reply or written acknowledgment must be made within Three Working Days (See 5 FAM 1524.3 or H - Guide Lines).

If for any reason, a problem is anticipated, drafting officer should immediately call H - Extensions 4286 or 7579.

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HOUSE OF REPRESENTATIVES U. S.
WASHINGTON, D. C.

JAMES E. VAN ZANDT
MEMBER OF CONGRESS, 20TH DISTRICT, PA.

August 17, 1952

Mr. Frederick G. Dutton
Assistant Secretary
Department of State
Washington 25, D. C.

Sir:

The attached communication is self-explanatory and is referred to your attention for reply.

It shall be appreciated if you will reply to me, enclosing an extra copy for my use in supplying my constituent with the requested information.

Please return the enclosed communication.

Respectfully yours,

James E. Van Zandt

James E. Van Zandt
Member of Congress
20th District Pa.

Encl.

Letter and enclosures, if any,
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8/20/52

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ESYD

*Re: situation in
Brazil.*

FILED

JAN 8 1953

*732.00 / 8-17 52
Donald F. CAMPBELL*

0955

Am. Emb./USGS
AFO 676, New York, N.Y.
August 8, 1962

The Honorable James E. Van Zandt
United States Congress
Washington, D. C.

Dear Sir:

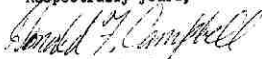
Thank you for your letter of June 26 and your letter of July 12 with the copy of Mr. Dutton's letter to you.

While it is true that a number of pro-democratic action groups have been formed to counter communist propaganda, the faith of many Brazilians in these groups is illustrated by the fact that, while secretly contributing to the support of such groups, they advertise in Rio's communist newspaper, Ultima Hora. During May firms which advertised in Ultima Hora included: Produtos Ford Motor do Brasil, Firestone, General Electric SA, Laminas Gillette, Produtos Swift, and Atlantic Motor Oil.

As for the Alliance for Progress, in most of our effort in Northeast Brazil we are cooperating with the Brazilian government organization called SUDENE (Superintendencia do Desenvolvimento do Nordeste), whose director, Celso Furtado: (a) was present at the foundation of the Oominform in 1947 (b) participated in a Communist congress in Mexico in 1949 (c) appeared at a reunion of communist students in Czechoslovakia in 1952 (d) whose book "Operação Nordeste" was published by the Instituto Superior de Estudos Brasileiros, a notorious government-financed organization dedicated to the service of national socialism in Brazil. To quote the editor of "Ação Democrática", one of the pro-democratic groups, "it would be the limit of inadvertency to suppose that an adherent or at least a sympathizer of totalitarianism will conduct the plan for the recovery of the Northeast along Christian and democratic lines" (translation).

It appears to me that we should be less concerned with promoting a "favorable image" of the United States among upper class Brazilians and more concerned with measures that would help unite the lower class voters in their effort to fight communism. There is no lack of competent Brazilians and Brazilian organizations to do this; but there is a lack of funds to enable them to reach the masses in sufficient volume to turn the tide in time. Here is an opportunity to apply some foreign aid funds in the best interests of our country.

Respectfully yours,



Donald F. Campbell

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INCOMING TELEGRAM

Department of State

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Action

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Control: 14197
Rec'd: August 18, 1962
7:38 p.m.

RIO 425

ARA
Info

FROM: Rio de Janeiro

SS

TO: Secretary of State

G

SP

NO: 425, August 18, 2 p.m.

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AID

Following from Brasilia

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RMR

Formula finally agreed upon yesterday afternoon between President and Prime minister on one hand and principal party leaders and President Chamber Deputies on other provides: (1) Congress meet again for concentrated work session September 10 to 15 at which time will approve Oliveira Brito amendment (Embassy airgram A-164) which provides for facilitating amendments to constitution by next Congress in limited fields for limited period by lowering requirements to absolute majority vote made at one session only. (2) New Congress will consider whether or not Parliamentary system to be maintained. (3) If it is decided maintain present system or Congress does not vote on subject, plebiscite will be held April 15, 1963. (4) If Congress decides abolish Parliamentary system plebiscite on issue will nonetheless be held 60 days after such decision made.

This formula not cleared with small party leaders who saying publicly that not accepting responsibility although PDC leader admitted privately to Embassy officer yesterday that agreement satisfactory. Embassy informed by high official President's staff final agreement worked out late yesterday afternoon was reluctantly agreed to by President Goulart who first insisted that action be completed during present working session rather than at future date.

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-2- 425, August 18, 2 p.m. from Rio de Janeiro

Embassy's assessment reference telegram regarding possibility passage amendment along lines outlined above somewhat more optimistic on basis conversation last night with above official who says view firm commitment party leaders every effort will be made bring back sufficient number Congressmen for necessary vote. Air Force planes will be used and as he explained "since all are in agreement if a few votes are missing nobody will complain if those votes show up in yes column anyway".

Agreement has already brought very noticeable decrease in political tension here that had reached such high level that PSD Chamber leader as late as yesterday morning privately described crisis as more serious than last months.

Fact is people around President were saying more or less openly that plebiscite would be made question of confidence by Prime Minister and if Cabinet fell Goulart would nominate Brizzola to succeed him thus precipitating crisis which could easily have led to general strikes, military takeovers and/or another revolution from Rio Grande Do Sul (other being Vargas successful 1930 revolt). While foregoing may or may not have been largely intended frighten Congress into action, combined with counteraction on part opposition principally UDN somewhat provocative in character, little doubt as indicated in reference telegram that President had committed his prestige and authority to point where he could hardly back away without serious loss of face. Agreement is another one of those compromises which Brazil seems able to work out at crucial points although quite possible this may be only for period of month in which country can get on with serious business facing grave problems which have been practically unattended for past months. Governor Magalhaes Pinto deserves lion's share of credit for having worked out agreement.

On legislative front as predicted Congress seems to have delegated minimum non-controversial powers to Cabinet (separate report to follow when status number projects present session verified). On other hand passed number important measures including profits

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-3- 425, August 18, 2 p.m. from Rio de Janeiro

remittance, telecommunications code, single ballot (absence of which would have delayed elections) anti-trust law etcetera, which will make it difficult attack Congress on "reactionary" or "do nothing" grounds.

Status of Executive versus Legislature quarrel can be said to be at temporary peaceful standstill with President having won if gets plebiscite as agreed but with prospects for new and perhaps more serious crisis if Congress fails follow through on agreement in September.

GORDON

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| ARA | EUR | FE | NO. | | | 1962 SEP 21 AM 10 42 HANDLING INDICATOR | | |
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| L | FBI | AID | RM/AN - MCG 1 | | | DATE: August 20, 1962 | | |
| AGR | COM | PRB | FROM : Amconsul, BELEM, PARA | | | SUBJECT : Brazilian Elections 1962; Report No. 11 -- Para (August 4-18) | | |
| INT | LAD | TAR | REF : | | | DEPARTMENT OF STATE BUREAU OF INTER-AMERICAN AFFAIRS SEP 24 1962 | | |
| TR | XMB | AIR | Teacher- Student Strike | | | SEP 24 1962 | | |
| ARMY | CIA | NAVY | NOTE REPEATS | | | | | |
| OSD | USIA | NSA | REPEATS ABOVE | | | | | |
| NOTE REPEATS | | | CONFIDENTIAL | | | | | |
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| Dated by: <u>EuroWay</u> | | | Classification Approved by: <u>EuroWay</u> | | | | | |
| Clearances: | | | | | | | | |

The calm, tropical city of Belém lost its tranquillity during this period and became the scene of riots, vandalism, and demonstrations. The cause of it all was the strike of the teachers and students of the primary and secondary state schools. The reason for the strike was the fact that the teachers had not been paid for many months and had reached the point where private funds had been absorbed and credit exhausted. During the strike there were various demonstrations in front of the governor's palace. A special detachment of police were kept on duty to maintain the peace. There were spontaneous street demonstrations and one evening the headquarters of the PSD was completely wrecked.

Throughout the strike period, the Governor, Aurélio do CARMO, was continually accused of mis-management of the state affairs, and in open letters to the press as well as comments made during the demonstrations, the conduct of his personal life was severely criticized. In the end, the Governor capitulated to the demands of the teachers; however, this was only after the PSD had suffered by all the accusations made against the Governor and the party. It is too early to determine the extent which all this will have in the October elections.

The PSD leaders are becoming increasingly provoked by the actions of the Governor. Aside from there being arrears in the payment of the salaries of the state teachers, the salaries of some of the state employees have not been paid for an extensive period of time. The State Department of Health is out of funds; the State Department of Education is in a confused and disorganized situation; the State Department of Finance has no funds for disbursing, and accusations are being

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made that the state funds are being misrouted into private hands.

A state of general discontent prevails in Belém and in the interior. This is evidenced by the wreckage of the PSD headquarters and the students' free-for-all in the state Legislative Assembly, which also took place during the time of the strike. In the interior, along the Belém-Brasília highway, there have been outbreaks of violence among the small farmers who were given small holdings by Benedito MONTEIRO, the far-left state deputy, while he was a member of the governor's cabinet. Legal owners of these lands are now forcing the small holders off, and the results have been violence, requiring police intervention.

All of this has caused great concern among the PSD leaders and, of course, is being used by the opposition. Luis Moura CARVALHO, the Mayor of Belém and president of the state PSD, is particularly concerned as he feels that all this will adversely effect his political future since Aurélio is his political protégé.

Political Conventions

The PTB and the UDN held their individual conventions during this period. Neither of these meetings produced spectacular surprises. The UDN approved the CDP (Coligação Democrática Paraense) candidates for the senate. The candidates are Edward Cattete PINHEIRO and Cleo Bernardo Macambira BRAGA. The candidates for federal deputies are Gabriel HERMES Filho, local president of the UDN, Epilogo de CAMPOS, Clovis Ferro COSTA, and Adriano GONÇALVES. The executive board was given wide powers to arrange alliances with other groups in order to complete the ticket of candidates.

The PTB had wide press coverage and had the governor present; he was named honorary president. No names were presented as candidates for the federal senate; the executive board was given the authority to choose the names. The candidates for federal deputy are Americo SILVA, Armando CARNEIRO, Amílcar Carvalho da SILVA, and Gilberto AZEVEDO. As in the case of the candidates for the federal senate, the executive board was given authority to choose the remainder of the candidates. It is not known as yet if the PTB will form an alliance with the PSD or if each party will run separate candidates.

Edward J. Holway, Jr.
Edward J. Holway, Jr.
American Consul

cc: Embassy, Rio de Janeiro
Embassy, Brasília

Department please pass to all posts in Brazil.

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| ACTION | | DEPARTMENT OF STATE | | 732.00/8-2062 | |
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| ARA | EUR | FE | TO : Department of State 1962 AUG 27 PM 3 31 | | |
| 3 | 3 | | INFO: RIO DE JANEIRO, BRASILIA, SAO PAULO | | |
| NEA | CU | INN | BELEM-1 BELO HORIZONTE-1 | | |
| | | 5 | ANALYSIS & DISTRIBUTION BRANCH | | |
| S | P | IO | FROM : Amconsul RECIFE DATE: August 20, 1962 | | |
| 3 | | | SUBJECT: Weekly Summary No. 8 | | |
| L | FBO | AID | DEPARTMENT OF STATE BUREAU OF INTER-AMERICAN AFFAIRS AUG 28 1962 | | |
| | | 11 | REF : | | |
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| | | 3 | ECONOMIC | | |
| ARMY | CIA | NAVY | 1. Port Strike | | |
| 5 | 10 | 5 | 2. Russian Wheat | | |
| ORD | USA | NSA | PSYCHOLOGICAL | | |
| 12 | 8 | 3 | POLITICAL | | |
| DEPT. PASS BELEM PORTO ALEGRE CURITIBA BELO HORIZONTE | | | Both MIGUEL ARRAES and JOAO CLEOFAS spent the week touring the interior of Pernambuco, attempting to line up votes for the October 7 gubernatorial election. Arraes concentrated on the middle agreste zone of the state while | | |
| | | | CONFIDENTIAL | | |
| FORM 4-62 DS-323 | | | FOR RM USE ONLY | | |
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| Clearances: | | | | | |

*See file
P. 1 and 11.
Should make
his language!*

*File
no action
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9/16/62
JW Wilson*

*See
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11 PM*

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Cleofas worked the alta sertão, both of them neglecting, for the time being, Recife and the populous mata zone.

The optimism of the Cleofas camp continued to swell, and Cleofas supporters grew jubilant listening to each other tell stories of large scale defections from the ranks of Arraes fans. Current estimates in Cleofas headquarters have him winning by a margin of between twenty and fifty thousand votes out of an anticipated 600,000 vote total. While Cleofas followers concede that Arraes has an edge in Recife and a large part of the mata zone (which contains the bulk of the state's population) they are confident that Cleofas will draw enough votes there to combine with his anticipated 70-80 percent margin in the agreste and sertão to give him a majority in excess of twenty thousand.

Arraes campaign workers, too, continue to display pleasure over the progress of their candidate and to voice confidence in his ultimate victory. However, there is now evident in the Arraes camp a marked uncertainty and a new concern over Cleofas' advances that was not noticeable in the earlier stages of the campaign. Clearly, an important psychological advantage is now held by Cleofas.

ARMANDO MONTEIRO FILHO continues to campaign for Governor, though one hears daily that he is about to renounce his candidacy. He publishes large ads frequently in the major papers of the state, uses loudspeaker trucks and jeeps constantly to tour Recife speaking out in his favor, and has a surprisingly large number of spot T-V and radio announcements plugging his candidacy, all of which must require the outlay of a good bit of cash, especially for a candidate who is said to be ready to back out of the race.

Monteiro Filho joined sides with Arraes briefly this week and issued a strong statement condemning the activities of the Instituto Brasileiro de Ação Democrática (IBAD), an organization alien to Pernambuco which has been working hard against Arraes and in favor of Cleofas. IBAD, Monteiro charged, is working with unlimited funds and in the name of anti-Communism to corrupt the October elections and pervert their results. Monteiro, in his statement, was only echoing what the Arraes team has been screaming for several weeks, though he failed to mention the point most commonly raised, the source of IBAD funds. Leftist Ultima Hora, frequently a mouthpiece for Arraes, has pointed several times to "international reactionary monopolistic groups" as the financial backers of IBAD, asserting that these same groups oppose President KENNEDY in the United States, and were responsible for the recent military coups in Peru and Argentina.

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Other speculation originating in the Arraes campaign headquarters is less definite, charging only that IBAD funds come from "mysterious, foreign" sources. (OFFICIAL USE ONLY)

2. Communist Leadership of Pernambuco Students Union to be Challenged

Encouraged by the success of the back-to-class movement, which helped to break the recent student strike and almost provoked a crisis in the Pernambuco Students Union (UEP), moderate elements at the University of Pernambuco and the Catholic University are now planning to challenge the Communist leadership of the UEP. The stage for the challenge will be the election of new UEP officers which is scheduled to be held within the next month.

The moderate movement reportedly plans to run MARCO OLIVEIRA MACIEL as its candidate for President. Maciel, a student at Catholic University, is a well-known, prestigious mild leftist who returned from a recent trip to the United States full of praise and admiration for most things American. The group of students engineering the challenge to the Communists who presently head the UEP are said to be in contact with similar groups in other parts of the country and may be receiving advice and assistance from an organization known as the Frente Popular Democratica. A representative of the São Paulo-based Frente, who describes its purpose as the substitution of democratic for Communist leadership of student movements all over Brazil, has been a frequent visitor to Recife in recent months and is believed to have been helping the group of moderates to plan for the coming election. (OFFICIAL USE ONLY)

3. IV Army Displays Force

Units of the IV Army's 14th Infantry Regiment held well-publicized guerrilla training exercises and demonstrations this week designed to display the Army's capability of handling any outbreak of violence in this area. Not by accident was heavy emphasis given to the special ability of the Army units trained to control agitator-inspired civil uprising and those trained for guerrilla warfare. In a speech at the conclusion of the demonstration, IV Army Commander COSTA e SILVA described the role of the 4th Army as defense of the tranquility of Pernambuco and the Northeast against "unwholesome patriots" and defense, within constitutional precepts, of the present regime.

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Comment: The exercises were a warning to potential troublemakers. (OFFICIAL USE ONLY)

ECONOMIC

1. Port Strike

At 7 a.m. August 14, labor difficulties paralyzed the port of Recife for the fourth time since the beginning of the year. Warehouse workers, demanding an 80 percent wage increase, were followed off the job by stevedores and port workers, the stevedores protesting against what they claim to be abuses of their union's prerogatives and the port workers demanding family bonuses. The owners offered a 30 percent increase to warehouse workers even before the strike got underway, but it was turned aside by a counter-proposal of 50 percent to 55 percent. Both sides refused to budge and negotiations came to a halt on the 15th. Meanwhile, a general strike movement was gathering force, with petroleum workers, railway workers, bank workers and bus and truck drivers all threatening to join the work stoppage. Negotiations were resumed on the 17th, however, and by late afternoon of the 18th, Saturday, it appeared that a settlement was in the offing. The owners tentatively offered 55 percent to the warehouse workers, which they expressed themselves willing to accept, provided solutions were also found for the complaints of the stevedores and port workers. Expectations as of August 19 were that the strike would be settled by the 20th or 21st. Meanwhile, over 45 ships have been held idle for some six days already, with losses estimated at about Cr \$75 million.
(OFFICIAL USE ONLY)

Comment: There were some indications that the port strike started off as part of an overall general strike movement inspired by the extreme left. For some reason they seem to have checked themselves in mid-stride. For example, the railway and bank workers, both Communist dominated, had vowed immediate support for the port sector strike. Yet, by the end of the week their own sympathy strike had failed to materialize. (CONFIDENTIAL)

2. Russian Wheat

The Recife press reported this week that a Russian ship is due to arrive here in mid-September with a cargo of 10,000 tons of wheat for the Northeast. (UNCLASSIFIED)

PSYCHOLOGICAL

Local news continued to be dominated by Pernambuco campaign

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developments, though increasing confidence in the defeat of Recife Mayor Miguel Arraes seems to have lessened the newspaper interest in the gubernatorial campaign except for pro-Arraes Ultima Hora. Tensions in the area slackened somewhat as the battle over a plebiscite in Brasilia seemed to cool off, though the dock worker's strike caused some apprehension toward the end of the week.

The Soviet Union's double space shots dominated international news reports in all local papers this week. The story was handled straight and on the basis of wire service accounts, though one paper, Diario da Noite, gave sensationalist headline treatment to President Kennedy's statement that the Soviet Union was ahead in the space race. The flights themselves provoked no particular editorial comment but both Jornal do Comercio and Ultima Hora used them as a hook on which to hang pleas for better understanding between men and nations.

The anniversary of the Berlin wall was mentioned in all papers and gave rise to a lengthy review in Diario da Noite of the Berlin situation since World War II.

Professor FRANK TANNENBAUM of Columbia University spoke on the Cuban revolution this week at GILBERTO FREYRE's Joaquim Nabuco Institute of Social Studies. Tannenbaum's speech compared the conditions which existed in Cuba before the revolution with those existing today and showed that CASTRO has failed of progress in the solution of Cuba's problems. Whereas Cuba's was not primarily an agricultural economy, Tannenbaum emphasized, Castro attempted to solve Cuba's problems with an agrarian reform which, in fact, has meant only that the state replaced the colono as the patron and tyrant of the rural worker at the cost of the liberty of the latter.

Ambassador MOSCOSO's visit to the Northeast set off a barrage of Alliance for Progress stories and reports from Alagoas to Ceara, almost all of them extremely favorable. The one exception was, predictably, Recife's Communist weekly A Hora which spuriously quoted Ambassador Moscoso as saying, "it stinks" (while touring an unfortunately-scented slum) into a story that Ambassador Moscoso found unpleasant, bad-smelling, and generally distasteful, not only the slums, but the slum dwellers and all people of Recife. A UPI wire service report that the Alliance for Progress and U.S.

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Amconsul REGIME
No. A-18

development assistance programs generally were losing support in the United States was carried only by Ultima Hora.

Eugene Delgado-Arias

D. Eugene Delgado-Arias
American Consul General

Contributors:

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~~WBS~~
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DM

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TAB #: 5

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AGRAM A-9

FR SALVADOR

TO STATE

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INCOMING TELEGRAM

Department of State

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Action

Control: 16267
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8:50 PM

ARA

FROM: RIO DE JANEIRO

Info

TO: Secretary of State

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RMR

NO: 437, AUGUST 21, 1 PM

LIMIT DISTRIBUTION.

DURING CALL ON GOULART AUGUST 20 (EMBASSY TELEGRAM 436). I ASKED HIS REACTION TO LAST WEEKS POLITICAL COMPROMISE ON FUTURE OF REGIME. HE EXPRESSED GREAT SATISFACTION AT ITS TERMS, EMPHASIZING THE COMMITMENT TO THE PLEBISCITE AS OF VITAL IMPORTANCE. I ASKED HOW CONFIDENT HE FELT THAT QUORUM OF BOTH HOUSES SUFFICIENT TO GET TWO-THIRDS, ABSOLUTE MAJORITIES COULD BE SECURED SEPTEMBER 10-15. HE REPLIED THIS IS OBVIOUS QUESTION ON EVERYONES MIND, BUT IT WAS INDISPENSABLE DUTY CONGRESSMEN TO ATTEND, AND THAT IF THAT DID NOT CARRY THROUGH BARGAIN MADE BY LEADERS ANYTHING WHATSOEVER MIGHT HAPPEN WITH UNPREDICTABLE RESULTS (THIS IS CURRENT CONVENTIONAL EUPHEMISM FOR COUP).

HE SAID HE WOULD NOT FAVOR SIMPLE RETURN TO 1946 TYPE PRESIDENTIALISM, BUT WOULD BE HAPPY WITH PROVISION FOR CHAMBER CONFIRMATION MINISTERIAL NOMINATIONS AND PROVISION FOR CHAMBER DISMISSAL INDIVIDUAL MINISTERS BY NONCONFIDENCE VOTE FOR SUBSTANTIVE REASONS OF POLICY. ALSO FEELS INDISPENSIBLE RESTORE DIRECT POPULAR ELECTION PRESIDENT.

CAMPOS AND I ALSO PRESSED FOR SPEEDIEST ACTION ON ITT CASE AND GENERAL PUBLIC UTILITY SETTLEMENT. I HAVE QUALIFIED OPTIMISM THAT UNDER CONSTANT BATTERING FROM CAMPOS, SOME HEADWAY MAY BE MADE THIS WEEK ON BOTH THESE FRONTS.

GOULART CONTINUED SHOW SAME DISINTEREST IN GENERAL ECONOMIC AND ADMINISTRATIVE PROBLEMS, AND SAME TOTAL PREOCCUPATION WITH QUESTION OF REGIME AND POWERS, AS HE HAS FOR RECENT MANY WEEKS.

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DEPARTMENT OF STATE

AIRGRAM

732-00/82262

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A-220
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HANDLING INDICATOR

TO : Department of State
DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
AUG 30 1962

1962 AUG 27 PM

ANALYSIS & DISTRIBUTION
BRANCH

FROM : Amembassy Rio de Janeiro DATE: August 22, 1962

SUBJECT: Brazilian Military Commands as Political Factor

REF : Department's A-5

The Embassy's reply to the referenced Airgram has been delayed by serious understaffing in the Rio Political Section as well as by the swiftness of developments on the politico-military scene. Drafts previously prepared have become outdated before they could be typed and despatched.

In the light of recent events there can be little doubt that President Goulart regards his power to make or influence military assignments as a prime political weapon. General Penha Brasil's transfer from the sensitive III Army command was a case in point. However, Goulart must be disappointed in Jair Dantas, who is reportedly proving to be less malleable than perhaps he (or the Embassy) expected (Attache Report R-151-62) and is acting more effectively than Penha Brasil did to combat Communist influence among the troops under his command.

Peri Bevilacqua has been rumored not for the command of the IV Army but of the perhaps even more crucial II Army located in the Sao Paulo area. The Army Attache has been told, however, that former incumbent War Minister Nelson de Mello wishes to keep the post open in order to return to it when the present Cabinet ends its tenure, which can be no later than March 15, 1963. The post has not been filled.

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FORM 4-62 DS-323

Drafted by: POL:FMicelotta:AMB:LGordon:rpc

Contents and Classification Approved by:

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Rio de Janeiro

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Another rumored assignment which caused concern has failed to come off: that of Colonel Argemiro Assis Brasil to become Chief of Staff of the Armored Division of the I Army. Considered a Communist, Assis Brasil as Division Chief of Staff would have strengthened the hand of far-left ultra-nationalist I Army Commander Osmino Ferreira Alves. The office of the Army Attache has been unable to obtain any explanation for Assis Brasil's reported refusal of the post and speculates, therefore, whether the assignment may have been vetoed by conservative elements in the Army, perhaps by Nelson de Mello himself.

One unequivocally ominous, key command change has been made. Communist-sympathizing Brigadier Francisco Teixeira has been named Chief of the III Air Zone, at Rio de Janeiro.

In past weeks, in the volatile political climate created by Goulart's attempts to force a plebiscite and pressure the Congress into granting special powers to Brochado da Rocha's Cabinet, rumors of impending military coup filled the air. According to one version, Goulart himself planned the coup, once the necessary command changes had been made. His ostentatious courting of the military in early August did little to assuage such fears. Neither did the pronouncements of the military ministers in favor of a prompt plebiscite which he managed to obtain (Weeks 31). Another version predicted a coup of the right--in order to forestall Goulart's, said one variation.

At least for the next few weeks, until the Congressional Session scheduled for September 10-15, a military take-over of any variety seems highly unlikely. Goulart simply does not have the strength. Only Osmino Ferreira Alves and Francisco Teixeira could even be suspected of willingness to make the attempt. Nelson de Mello has now clarified his statement in favor of a plebiscite, satisfying almost everybody that he harbored no conspiratorial intentions or a desire unduly to influence the Congress. (This is not to say, of course, that Goulart was not willing to let Congress worry whether what the War Minister said was in fact a threat--or conversely, to let it be construed as a sign of the respected Army's endorsement of his objectives, thus extracting a profit one way or the other.) Since there is now little apparent likelihood of a Goulart-inspired, or leftist attempt, the possibility of a moderate or rightist coup diminishes to the vanishing point.

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If the September session fails to muster the large quorum in both Houses of Congress required for a constitutional amendment, however, or if the amendment (including commitment on a plabiscite) is not voted in terms satisfactory to Goulart, the danger that he may then attempt to engineer a coup is substantial. How the military commands will react may depend heavily on the public image of the Congress which prevails at that time and the extent to which resistance to Goulart is effectively portrayed as defense of democratic legality rather than reactionary obstructionism.

For the Ambassador:



Frank Micelotta
Third Secretary of Embassy

APPROVED:



Robert Eakens
Acting Deputy Chief of Mission



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|--------------------------------|------|--|---|---|-----------------------|
| ORIGIN/ACTION | | 59 | DEPARTMENT OF STATE | | 732.00/8-2262 |
| ARA - 4 | | AIRGRAM | | FOR RM USE ONLY | |
| RM/R | REP | AF | A-20 | | CONFIDENTIAL |
| ARA | EUR | FE | NO. | | HANDLING INDICATOR |
| NEA | CU | INR | TO : DEPARTMENT OF STATE | | 1962 SEP 21 AM 10 42 |
| E | P | IO | RIO - 1 BRASILIA - 1 MANAUS - 1 SAO LUIZ - 1 BELO HORIZONTE - 1 CURITIBA - 1 | | DATE: August 22, 1962 |
| L | FBO | AIG | PORTO ALEGRE - 1 RECIFE - 1 SALVADOR - 1 SANTOS - 1 SAO PAULO - 1 | | |
| RM/AN | MCG | | FROM : Amconsul, BELEM, PARA | | 194-9wa |
| AGR | COM | FRB | SUBJECT : Brazilian Elections 1962; Report No. 12 -- UDM & PTB Party Conventions | | |
| INT | LAB | TAR | REF : | | |
| TR | XMB | AIR | Recently the UDM and the PTB held their respective conventions for the purpose of selecting candidates for the forthcoming October elections. The PSD will hold its convention for this purpose on August 14, 1962. | | |
| ARMY | CIA | NAVY | <u>UDN Convention</u> | | |
| OSD | USIA | NBA | The UDN convention was held in Belém on August 7, 1962. The coalition party, CDP (Coligação Democrática Paraense), candidates for the federal senate were approved. The candidates are Edward Cattete PINHEIRO and Glor Bernard Macambira BRAGA; their alternates are Pedro CARNEIRO and Arnaldo PRADO respectively. As candidates for the federal chamber of deputies, the following were chosen: Gabriel HERMES Filho, Epilegio de CAMPOS, Clevis FERRE COSTA, and Adriano GONCALVES. | | |
| NOTE REPEATS ABOVE | | The convention gave power to the state executive board to make alliances with the PSP (Partido Social Progressista), PR (Partido Republicano), PRT (Partido Rural Trabalhista), PTM (Partido Trabalhista Nacional), PL (Partido Libertador), PSB (Partido Socialista Brasileiro), and MTR (Movimento Trabalhista Renovador), and also to accept the candidates of the CDP for the federal senate and chamber of deputies. | | | |
| | | As a statement of party policy, there was presented to the convention the "Charter of Principles," which was signed by Gabriel Hermes Filho, state deputy and local head of the party, and by state deputies Milton DANTAS and Gerson FERRE. The Charter defended the nationalistic ideas of the party; also, it called for agrarian reforms, participation of the workers in the profits of the company, control of a company's remittances abroad, development of commercial relations with all nations (this statement was not further elaborated), fight for the maintenance | | | |
| | | FORM 4-62 DS-323 | | FOR DEPT. USE ONLY | |
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| Clearances: | | | | | |

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of democratic principles, more honesty in public administration, control of oil refineries and the distribution of oil by Petrobras, the continued state control of Vale do Rio Doce and Volta Redonda, improved efficiency and honesty within SPVEA (Superintendencia do Planejamento e Valorizacao Economica da Amazonia) and SUDENE, and the development of Eletrebras. There were not any startling pronouncements nor perceivable changes in this charter from previous statements made by the local UDN and its members.

Federal deputy Clevis Ferro Costa (leftist ultra-nationalist) called for the UDN to support the government's foreign policy and to defend the nationalistic ideas. Considering some of Costa's past performances, the speech was relatively mild.

PTB Convention

Following newspaper coverage, the PTB of Para held its state convention for the selection of candidates for the elections on October 7, 1962. This convention was attended by a large number of people, including a group of rural farmers from the Belém-Brasilia highway area and representatives of the Student-Worker-Farmer pact. The executive board of the convention was composed of the following persons: Americo SILVA, state deputy and head of the local PTB; Renate FRANCO; federal deputy Armando CARNEIRO; Tibirica MAIA; Benedito MONTEIRO, state deputy; and Alberto MURES, councilman. Aurélio do CARMO, the Governor of Para, attended the convention and was made honorary president.

During the meeting several motions were approved, such as solidarity and support for President João Goulart regarding an immediate plebiscite and the return to presidencialismo, appeal to the national congress to approve the laws requested by the President of the Republic in order to bring about a solution to the problems of the Brazilian people, as well as to preserve the democratic system of government.

Another motion was that of declared solidarity by the PTB federal deputies with federal deputy Almino AFRONSO (communist or crypto-communist) from Amazonas for his "brilliant and systematic defense made before the Federal Assembly of the reforms proposed by President Goulart which are in accord with the nationalistic and democratic principles of the PTB, developed under the great President Getulio Vargas, who died fighting against forces which did not want Brazilian workers to be free or Brazil to be independent." Almino Afonso has been classified in enclosure No. 3 of Embassy Rio Dispatch 960 as a communist or crypto-communist. The PTB machine in Manaus, capital of the state of Amazonas, i.e., the machine of Gilberto Mestrinho, the present governor, continues to back Afonso. Members of the Mestrinho machine discount his communist ties saying that he is nationalistic and radical, but no more. Politically he works very closely with Ayrine PORTO, state deputy in Amazonas and president of the legislative assembly; he has been classified as a leftist ultra-nationalist.

The conventionists also approved the President's program of an independent foreign policy, respect for rights of self-determination of all nations, agrarian reform, control of remittances of foreign enterprises, rights of voting for the illiterates, improved salaries and living conditions, and general fiscal reforms.


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The convention authorized the regional executive board to select the party candidates and three alternates for the federal senate. It is not yet known if the PTB will put up their own candidates or will form an alliance with the PSD. The candidates selected for the federal legislative assembly were Americo Silva, Armande Carneiro, Amílcar Carvalho da Silva, and Eilberte Azevedo. The executive board was authorized completion of the ticket for candidates for federal deputy. This would appear to indicate that the PTB does not intend to accept the PSD candidates but instead will run its own.


Edward J. Helway, Jr.
American Consul

cc: Embassy, Rio de Janeiro
Embassy, Brasilia

Department please pass to all posts in Brazil.

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DEPARTMENT OF STATE

AIRGRAM

732-00/8-22-62

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AIR PRIORITY

1962 AUG 27

PM 1500 INDICATOR

TO : DEPARTMENT OF STATE
DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
AUG 29 1962

RM/AN
ANALYSIS & DISTRIBUTION
BRANCH

FROM : Amcoagen SAO PAULO

DATE: August 22, 1962

SUBJECT: Weekly Summary No. 34

REF :

RM/IR-721 JWW
9/18-92W
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6. CarvalhoPinto Not Impressed With Governors' Conference
7. Another Leftist Columnist Leaves Ultima Hora
8. Communist-Controlled Bank Workers Hold National Convention
9. Christian Social Movement Launched

PSYCHOLOGICAL: 1. Local Press Reaction

POLITICAL

1. Communists Dominate Fourth National Labor Meeting

Some two thousand delegates attended the Fourth National Labor Meeting ("Encontro") in São Paulo on August 17-19. The National Confederations of Industrial Workers (CNTI), Bank Workers (CONTEC),

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FORM 4-62 DS-323

In Out

Drafted by: **See last page/lfw**

Contents and Classification Approved by:

Clearances:

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and Maritime, River and Air Transport Workers (CNTTMFA) participated. Local newspaper accounts overlooked the following facts:

- (1) The meeting was thoroughly Communist-dominated, with frequent attacks on the US, ORIT, and ICFTU plus ovations for Cuba and the Communist WFTU;
- (2) Gilberto CROCKATT DE SA, President Goulart's labor adviser, at the final session praised the labor leaders present as the "true representatives of Brazilian labor," supported the meeting's principal theme, the Communist "labor unity" slogan, and attacked the simultaneous meeting of the Democratic Union Movement in Rio;
- (3) Two WFTU and two Communist Chinese representatives received standing ovations;
- (4) During all important plenary sessions top Brazilian Communist labor leader Roberto MORENA was invariably at the elbow of opportunist Dante PELLACANI, acting CNTI President and meeting chairman;
- (5) Communist union leaders made their continuing support of Goulart's administration contingent upon the latter's granting their political and economic demands;
- (6) Political resolutions approved by acclamation with virtually no discussion included support for the proposed Communist-front Latin American Trade Union Federation to be organized September 9 in Santiago, Chile and called for a Fourth National Labor Congress in mid-1963 at which the Brazilian Labor movement would join the new Federation.

Labor Under-Secretary João Pinheiro NETO also spoke at the closing session, urging "basic reforms" and endorsing the meeting's economic demands which included immediate upward revision of the minimum wage, family bonus, and general salary increases. The Federal Government undoubtedly helped pay for the meeting's expenses and the delegates' transportation. (LIMITED OFFICIAL USE)

Comment: The Communists, while definitely feeling their oats, apparently do not yet think they are strong enough to overtly set up the long-heralded Communist-dominated unified national labor center (central sindical única). For the moment they seem to be concentrating their efforts in building a national labor organization, including State and local groupings, around the "Comando Geral da Greve," comprised of Communist and opportunist-Janguista labor

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leaders who called the July 5 political general strike. Such a national organization could be turned into a central única at a propitious moment. Goulart's financing of an obviously Communist meeting and his labor adviser's repetition of the Communist "unity" line probably represent part of the price exacted by the Communists for their support given him in the recent political crises. (CONFIDENTIAL)

2. São Paulo Businessmen Against President and Prime Minister

A message of heated opposition to the Prime Minister's request for "special powers" was sent to Congress last week by the most important São Paulo commercial, industrial, and rural organizations. It argued that the Ministers could not be trusted with a delegation of part of Congress' powers because (a) they really represented President Goulart rather than Congress; and (b) they had far stronger "socialist tendencies" than the Congress and might take actions incompatible with the beliefs of the people's elected representatives. Prime Minister Brochado da ROCHA's message requesting delegation of powers was phrased, the businessmen claimed, in "expressions whose Communist inspiration is evident." The nation's biggest problems, moreover, were the result of irresponsible government and not of any problem bearing on the Prime Minister's requested "special powers." The government rather than the laws was blamed for "the exchange crisis, the monetary crisis, the food crisis, the university crisis, the crisis of authority, the moral crisis"

In case anyone failed to get the point, São Paulo Commercial Association President Paulo de Almeida BARBOSA sent the Prime Minister a telegram objecting to his characterization of Brazilian businessmen as "greedy and ravenous." "The guilt for the national situation," said Barbosa, "belongs to inept governments incapable of controlling inflation, to demagogues seeking easy popularity...not to those who work and produce." (UNCLASSIFIED)

Comment: The São Paulo businessmen's powerful and incisive message amounts practically to a declaration of war on Goulart & Co. Brazilian opinion is capable of some remarkable reversals, but it is difficult to imagine the President ever regaining the degree of São Paulo business acceptance which he enjoyed for a short period a few months ago. (LIMITED OFFICIAL USE)

3. Opposition to Goulart Increases

The "Democratic Parliamentary Action" group in the São Paulo Legislative Assembly (which now claims 54 out of a total of 91 Deputies) has also sent the Federal Congress a message opposing Brochado da Rocha's request for

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"special powers." It saw the Prime Minister's scheme as just a disguise for a coup against the regime.

Alumni of the influential São Paulo University Law School met for a dinner which, it was said, had its last precedent in a similar gathering on the eve of the 1932 "constitutional revolution." Principal theme: bitter criticism of Goulart and his cooperation with subversive elements.

Deputy Herbert LEVY, President of the União Democrática Nacional, arrived in São Paulo for the weekend and told the press that he had no part in a rumored presidential/congressional "compromise" which would advance the date of a plebiscite to end the parliamentary system. He thought that he and like-minded Deputies could defeat the plebiscite proposal. (OFFICIAL USE ONLY)

Comment: The degree of opposition which the President has recently aroused in leading São Paulo circles is remarkable. (LIMITED OFFICIAL USE)

4. War Minister Tries to Ease Fears

War Minister Nelson de MELLO, recently General of São Paulo's Second Army, returned last week to speak to his former command. He emphasized the determination of the Armed Forces to carry out their "sacred mission": "to preserve and defend Legality, that is, respect for the Constitution, for the constituted powers of the republic, for the Law and for democratic institutions." (UNCLASSIFIED)

Comment: The War Minister's taking of sides with Goulart in favor of the plebiscite (item 3) had been perhaps the principal ingredient in the mounting São Paulo worry over the national situation. He had been an uncontroversial figure in his São Paulo command and had been thought by many Paulistas to be one of the few "safe" figures in the new Cabinet. Consequently, his support of what anti-Goulart Paulistas consider practically a coup d'état came as a shock. Leading anti-Goulart newspaper O Estado de São Paulo professed relief at General de Mello's remarks to his old command, but in fact he did little more than favor virtue and oppose sin. His pro-plebiscite position did not change. (LIMITED OFFICIAL USE)

5. LACERDA Censored

São Paulo television stations were too afraid of the confusing new censorship regulations to let Guanabara Governor Carlos Lacerda deliver a scheduled

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speech. A press interview, however, allowed him to get off the expected biting remarks. In a thinly-gloved slap at ultra-discreet São Paulo Governor CARVALHO PINTO, Lacerda opined that "the hour of definition" had arrived and that all Brazilian leaders had the duty of speaking up. He proceeded to follow his own example, taking one cut after another at the President, the opportunists, and the "Phariseism" of "those who say they are Christians and speak of papal encyclicals...to give the impression that the Pope has adhered to Mr. Goulart." (OFFICIAL USE ONLY)

Comment: No one can stir up the top levels of São Paulo like Lacerda. Unfortunately, he seems to stir many of the lower levels the wrong way. His violent critics probably number more than his enthusiastic fans, and almost no one is in the middle. (LIMITED OFFICIAL USE)

6. Carvalho Pinto Not Impressed With Governors' Conference

São Paulo Governor Carvalho Pinto had taken leave of office shortly before a Governors' Conference being pushed by President Goulart, obviously hoping to avoid attending (Weekly Summary 33). He finally went as the acting Governor's "adviser," however, having reportedly received a strenuous last-minute telephone call from the President. On returning to São Paulo -- before the end of the conference -- he was quoted by the press as not having found the meeting "useful for the administration of the country." (OFFICIAL USE ONLY)

Comment: This is as close as the Governor has come to criticism of President Goulart. Apparently there is a limit to what Carvalho Pinto will put up with to keep the President's support of the administration gubernatorial candidate. (LIMITED OFFICIAL USE)

7. Another Leftist Columnist Leaves Ultima Hora

Leftist/nationalist newspaper Ultima Hora suddenly and mysteriously two of its most conspicuously pink columnists four months ago (Weekly Summary 17). The Consulate General believed that the changes were the result of pressure from businessmen threatening an advertising boycott. Talented humorist "Arapuá" (Sergio ANDRADE) stayed in his usual position on the back page, however, despite his near-Communist views. Now he has gone too. In a note published in Communist Novos Rumos and Goulart-controlled Correio Paulistano, Arapuá blamed the loss of his job on pressure exerted by IPES, an important new businessmen's association. It was rumored that Correio intended to take Arapuá on. (LIMITED OFFICIAL USE)

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Comment: It seems clear that the pressure on the press is in fact coming from IPES and that it has been effective in its immediate purpose. It remains to be seen whether there will be a long-range gain. Much of Ultima Hora's news coverage is still distorted to fit Communist objectives, and the line might have more receptivity now that the paper is less obviously leftist. Given a little time, also, the currents which submerged in Ultima Hora could reappear in new or different press organs. Other ways in which business "censorship" could backfire are not hard to imagine. IPES, it should be noted, is partially supported by many American firms. (LIMITED OFFICIAL USE)

8. Communist-Controlled Bank Workers Hold National Convention

The Communist-controlled National Confederation of Employees in Credit Institutions (CONTEC) held its Third National Convention in São Paulo on August 15-16 attended by about 300 delegates. This meeting was somewhat overshadowed by the publicity surrounding the immediately following Fourth National Labor Meeting (see Item 1). Again the press overlooked the predominant Communist character of the Convention. Among the principal economic demands of the bank workers were a five-day week and a general salary increase. (OFFICIAL USE ONLY)

9. Christian Social Movement Launched

At a mass meeting on August 15 in the Ipiranga district of São Paulo city a new Christian Social Movement (Movimento Social Cristão -- MSC) was launched by Catholic and Protestant religious leaders and the Catholic Worker Circles. The movement has as its fundamental purposes the defense of the "workers' demands" and the execution of basic structural, political, and social reforms. It claims to be a popular movement without class, race or religious distinctions and apolitical in character. Its program includes the following: control of the rising cost of living; greater availability of food staples; agrarian reform; family bonus; workers sharing in company profits and administration; opposition to "usury, excessive profits, monopolists and trusts"; electoral reform including representation by districts; facilitation of workers' housing; improvement in the social security institutes; unionization of workers; and the perfection of the unions as the best defense of the workers' interests. (UNCLASSIFIED)

PSYCHOLOGICAL

1. Local Press Reaction

Brazil's politico-economic crisis continued to receive greatest attention from São Paulo editorialists this week. Premier Brochado da Rocha's message

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of Deputies requesting special powers and his speech in the Chamber to the Chamber/several days later, were analyzed at length. Opinion varied -- from Goulart-controlled Correio Paulistano which flatly urged the President to dissolve the recalcitrant Congress, to conservative and prestigious O Estado de São Paulo which found the Premier to be a mere interpreter of Goulart's will, his special powers pernicious, and his speech tinged with "communist-colored nationalistic slogans." Editorial surprise of the week came from left-leaning Última Hora (Item 7). Analyzing Brazil's internal situation, Última Hora saw the country threatened by extreme groups advocating violent paths, then said: "The recent series of violent solutions in Latin America has been both negative and without perspective. The two classic examples of Cuba and Argentina can serve as evidence that any imposition of a minority on a majority, by means of force, leads, at least, to disintegration."

Russia's cosmonauts received heavy play in the headlines and a number of editorials. All considered the flights as important technical achievements in the race to the moon. Several felt U.S.-Soviet competition to be a good and stimulating factor; several others were aware of an implied threat in the Russian superiority.

President Goulart's meeting with the state governors in Brasília (Item 6) was seen by O Estado as a maneuver designed to increase pressure on Congress for an early plebiscite. A Gazeta, on the other hand, saw the meeting as "...an indispensable dialogue between the Union and the States, designed to come to the aid of the people's anguish."

O Estado and Diário de São Paulo used the Alliance for Progress' first anniversary to score governmental foot-dragging and the deplorable impression the rest of the world is receiving of a Latin America unable to organize itself to receive help. Feature stories on the Aliança received wide play.

The Berlin Wall's anniversary hit both news feature and editorial pages. O Estado offered an additional theory of the wall's purposes: to hide a new politico-economic phase behind the Curtain in which heavy industry is being mobilized to catch up with the U.S. militarily, at heavy cost to the production of agricultural and consumer goods.

O Estado and Última Hora squared off in regard to the Brazilian Foreign Office. "Itamarati is now in the most shameful period of its history. In regard to Cuba, those who are responsible for our foreign policy are acting as lackeys of Havana's bloody Communist dictatorship," said O Estado. Última Hora fired back: "Now, and not before, Itamarati is interpreting the feelings of peace and harmony of the Brazilian people." (UNCLASSIFIED)

Daniel M. Braddock

Daniel M. Braddock
Minister Consul General

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| ORIGIN/ACTION | | | DEPARTMENT OF STATE | | |
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| E | P | IO | TO : Amconsul SAO PAULO | | |
| L | FRG | AID | INFO : Amembassy RIO DE JANEIRO | | |
| AGR | COM | FRB | FROM : Department of State | | |
| INT | LAB | YAR | DATE: Aug 13 5 05 PM '62 | | |
| TR | RMB | AIR | SUBJECT: "Christian Social Pledge" Reflects Left Wing Church Beliefs | | |
| ARMY | CIA | NAVY | REF : Sao Paulo Despatch No. 291, June 5, 1962 732.00 | | |
| OSD | USIA | NSA | JOINT STATE/USIA MESSAGE | | |
| | | | <p>We concur in the high priority the Consulate General has assigned to an effort to convince Sao Paulo's left wing Church group that type of Capitalism latter finds so noxious has long since disappeared in U.S.</p> <p>Materials are provided on a continuing basis through USIA media on the free enterprise in the United States. If specially targeted materials are required, the BPAO at Sao Paulo should request them through USIA Rio.</p> <p>We also agree that the educational exchange program is a useful tool in this connection. The Consulate General is therefore requested to submit through Embassy Rio de Janeiro/its recommendations for nomination of Christian Democratic leaders for grants to visit the U.S. under the program and (2) its views on possibilities of utilizing Catholic churchmen under U.S. specialist program.</p> <p>End.</p> | | |
| FORM 4-62 05-323 | | | LIMITED OFFICIAL USE | | |
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| Classified by: ARA/P - Miss [Signature] | | | USIA - Mr. Dickson [Signature] | | |
| AID - Lucy Donnelly [Signature] | | | CU - Mr. Carter [Signature] | | |

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DEPARTMENT OF STATE

AIRGRAM

732-00/82262

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HANDLING INDICATOR

TO : Department of State

FROM : Amembassy Rio de Janeiro DATE: August 22, 1962

SUBJECT: Brazilian Military Commands as Political Factor

REF : Department's A-5

The Embassy's reply to the referenced Airgram has been delayed by serious understaffing in the Rio Political Section as well as by the swiftness of developments on the politico-military scene. Drafts previously prepared have become outdated before they could be typed and despatched.

In the light of recent events there can be little doubt that President Goulart regards his power to make or influence military assignments as a prime political weapon. General Penha Brasil's transfer from the sensitive III Army command was a case in point. However, Goulart must be disappointed in Jair Dantas, who is reportedly proving to be less malleable than perhaps he (or the Embassy) expected (Attache Report R-161-62) and is acting more effectively than Penha Brasil did to combat Communist influence among the troops under his command.

Peri Bevilacqua has been rumored not for the command of the IV Army but of the perhaps even more crucial II Army located in the Sao Paulo area. The Army Attache has been told, however, that former incumbent War Minister Nelson de Mello wishes to keep the post open in order to return to it when the present Cabinet ends its tenure, which can be no later than March 15, 1963. The post has not been filled.

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Contents and Classification Approved by:

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Rio de Janeiro

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Another rumored assignment which caused concern has failed to come off: that of Colonel Argemiro Assis Brasil to become Chief of Staff of the Armored Division of the I Army. Considered a Communist, Assis Brasil as Division Chief of Staff would have strengthened the hand of far-left ultra-nationalist I Army Commander Osmino Ferreira Alves. The office of the Army Attache has been unable to obtain any explanation for Assis Brasil's reported refusal of the post and speculates, therefore, whether the assignment may have been vetoed by conservative elements in the Army, perhaps by Nelson de Mello himself.

One unequivocally ominous, key command change has been made. Communist-sympathizing Brigadier Francisco Teixeira has been named Chief of the III Air Zone, at Rio de Janeiro.

In past weeks, in the volatile political climate created by Goulart's attempts to force a plebiscite and pressure the Congress into granting special powers to Brochado da Rocha's Cabinet, rumors of impending military coup filled the air. According to one version, Goulart himself planned the coup, once the necessary command changes had been made. His ostentatious courting of the military in early August did little to assuage such fears. Neither did the pronouncements of the military ministers in favor of a prompt plebiscite which he managed to obtain (Weeks 31). Another version predicted a coup of the right--in order to forestall Goulart's, said one variation.

At least for the next few weeks, until the Congressional Session scheduled for September 10-15, a military take-over of any variety seems highly unlikely. Goulart simply does not have the strength. Only Osmino Ferreira Alves and Francisco Teixeira could even be suspected of willingness to make the attempt. Nelson de Mello has now clarified his statement in favor of a plebiscite, satisfying almost everybody that he harbored no conspiratorial intentions or a desire unduly to influence the Congress. (This is not to say, of course, that Goulart was not willing to let Congress worry whether what the War Minister said was in fact a threat--or conversely, to let it be construed as a sign of the respected Army's endorsement of his objectives, thus extracting a profit one way or the other.) Since there is now little apparent likelihood of a Goulart-inspired, or leftist attempt, the possibility of a moderate or rightist coup diminishes to the vanishing point.

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If the September session fails to muster the large quorum in both Houses of Congress required for a constitutional amendment, however, or if the amendment (including commitment on a plebiscite) is not voted in terms satisfactory to Goulart, the danger that he may then attempt to engineer a coup is substantial. How the military commands will react may depend heavily on the public image of the Congress which prevails at that time and the extent to which resistance to Goulart is effectively portrayed as defense of democratic legality rather than reactionary obstructionism.

For the Ambassador:



Frank Micelotta
Third Secretary of Embassy

APPROVED:



Robert Eakens
Acting Deputy Chief of Mission

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INCOMING TELEGRAM

Department of State

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FROM: RECIFE
TO: Secretary of State
NO: 105, AUGUST 23, 8 PM

ACTION DEPARTMENT 105, INFORMATION RIO DE JANEIRO 114

LIMIT DISTRIBUTION

JOAO CLEOFAS TOLD ME AT LUNCH TODAY THAT HIS CAMPAIGN PLATFORM CONSISTS OF TWO MAIN PLANKS:

- 1) DEFENSE OF DEMOCRATIC INSTITUTIONS AND FIGHT AGAINST COMMUNIST PENETRATION,
- 2) FOOD IN SUFFICIENT QUANTITIES TO SATISFY ALL THE PEOPLES NEEDS.

WORKING VIRTUALLY AROUND THE CLOCK, HE IS ATTENDING AN AVERAGE OF TWO "COMICIOS" A NIGHT IN POPULAR AREAS OF RECIFE, AFTER WHAT HIS CAMP IS CONVINCED "WAS AN EMINENTLY SUCCESSFUL SWING IN INTERIOR OF STATE," PEOPLE BECOMING INCREASINGLY AWARE OF COMMUNIST DANGER AND IDENTIFYING ARRAES WITH COMMUNISTS.

ACCORDING REPORT BY JOURNALIST FRIEND OF CLEOFAS, IN RECENT CONVERSATION AMONG ARRAES CAMPAIGN WORKERS, WHICH INCLUDED JOURNALIST ALEXANDRINO ROCHA, AS WELL AS PSD DEPUTY ADERBAL JUREMA, IT WAS RECOGNIZED THAT ARRAES POPULARITY HAS EBBED APPRECIABLY IN RECIFE, DROPPING WELL BELOW THE 70 PERCENT THEY REGARD AS ABSOLUTELY NECESSARY TO SWING ELECTIONS. THEY NOW ADMIT ARRAES VOTE RECIFE MAY NOT EXCEED 60 PERCENT. THEIR CONCERN SUCH THAT THEY WERE BLAMING EACH OTHER, PARTICULARLY JOSE ERMIRIO DE MORAIS, WEALTHY INDUSTRIALIST RUNNING

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CONTROL NO.
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-2- 105, AUGUST 23, 8 PM, FROM: RECIFE

FOR SENATOR, WHO RUNNING SAME SLATE AS ARRAES, AND WHOM THEY ACCUSED OF NOT HAVING KEPT PROMISES OF VERY SUBSTANTIAL FINANCIAL AID. ONE OF GROUP REPORTED THAT GOVERNOR AYLISIO ALVES OF RIO GRANDE DO NORTE MADE THE COMMENT THAT MORAIS ALWAYS PROMISES 100 PERCENT, AND THEN PRODUCES 99 PERCENT FOR HIMSELF AND DISTRIBUTES ONE PERCENT AMONG EVERYBODY ELSE. THREE REASONS FOR DROP IN ARRAES POPULARITY OFFERED BY THIS GROUP OF ARRAI-ISTAS. 1) CAMPAIGN OF DAILY PRAYER IN FAMILY GATHERINGS CARRIED OUT RECENTLY IN RECIFE BY AMERICAN PRIEST, FATHER PATRICK PEYTON, WHICH EXTREMELY EFFECTIVE IN ELIMINATING CONFUSION AND IN WEENING MANY CATHOLICS FROM ANY TENDENCY TO SUPPORT ARRAES, NOW MORE CLEARLY IDENTIFIED WITH COMMUNISM; 2) PASTORAL LETTER BY ARCHBISHOP READ FROM ALL PULPITS IN PENAMBUCO LAST SUNDAY ON THE CHRISTIAN DUTY OF ALL CITIZENS WHICH, WITHOUT NAMING NAMES, PREACHED PROTECTION OF FAMILY, AND DEFENSE FROM DANGERS IT IS BEING THREATENED WITH; 3) LACK OF PUBLIC ENTHUSIASM FOR JOSE ERMIRIO DE MORAIS, WHOM NO ONE REGARDS AS FRIEND OF PEOPLE. FURTHERMORE, MORAIS SUPPORT HAS BOOMERANGED, SINCE NO ONE BELIEVES THAT ARRAES NOW NEEDS ANY FURTHER FINANCIAL SUPPORT, AND PUBLIC CONTRIBUTIONS HAVE STOPPED.

CLEOFAS REPORTED THAT MORAIS APPROACHED HIM SEVERAL DAYS AGO WITH OFFER TO GIVE HIM ASSISTANCE, OFFER HE REFUSED.

ARRAES "COMICIO" ANNOUNCED FOR 8 PM YESTERDAY IN CASA FORTE SECTION RECIFE WAS VIRTUALLY DESERTED WHEN LOCAL PRIEST SCHEDULED MOTION PICTURE SHOWING SAME TIME AT OTHER END OF SQUARE. AFTER FILM SHOWING FINISHED, SMALL GROUP WENT TO "COMICIO", SLIGHTLY INCREASING CROWD TO TOTAL OF THREE HUNDRED.

CLEOFAS RENEWED HIS PLEA FOR OUR ASSISTANCE WITH ANTI-COMMUNIST MATERIAL, VERY SPECIFICALLY FILMS ON CASTRO CUBA. HE MENTIONED HAVING HEARD THAT TV BROADCASTS OF CASTRO ARE PICKED UP IN MIAMI, AND THAT HE COULD VERY EFFECTIVELY USE ANY FILMS DEPICTING CONDITIONS THERE.

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-3--125, AUGUST 23, 8 PM, FROM: RECIFE

I PROMISED TO DO WHAT I COULD TO FIND ANY SUCH AVAILABLE MATERIAL. STRONGLY RECOMMEND THAT SUCH FILMS, POSSIBLY PUT TOGETHER FROM NEWSREELS AND WITHOUT ATTRIBUTION, AND CARTOONS, BE IMMEDIATELY SENT RECIFE FOR USE IN CAMPAIGN. URGENCY IS VITAL IN VIEW SHORT TIME LEFT BEFORE ELECTIONS. AM MAKING AVAILABLE HIS ORGANIZATION SUBSTANTIAL QUANTITIES ANTI-COMMUNIST CARTOON BOOKS ON CUBA AND PAMPHLET ON BERLIN. HOWEVER, NOTHING HAS THE IMMEDIATE POPULAR APPEAL OF MOTION PICTURES. REQUEST ADVISE SOONEST AVAILABILITY SUCH FILM MATERIAL.

WHEN I ASKED CLEOFAS IF HE WAS GETTING ASSISTANCE FROM IBAD, HE REPORTED THAT IT WAS VERY DIFFICULT TO WORK WITH IBAD REPRESENTATIVES, WHO HE DESCRIBED AS BUNCH OF RADICALS MAINLY INTERESTED IN THEIR OWN PRIVATE AFFAIRS. I REMARKED ON HIS PRESS CAMPAIGN PROPAGANDA, WHICH MAINLY CONSISTS OF UNINSPIRED QUARTER PAGE OR HALF PAGE ADS. HE AGREED, STATING THAT HE COULD FIND NO ONE WITH THE DEDICATION OR ENTHUSIASM OF THE OPPOSITION, BUT ONLY HACKS WITH VESTED INTERESTS AND AXES TO GRIND. OBVIOUSLY, HE URGENTLY NEEDS FIR-RATE PROFESSIONAL HELP IN FIELD PUBLICITY. CONSIDER IT EMINENTLY DESIRABLE TO GIVE CLEOFAS URGENTLY EVERY POSSIBLE ASSISTANCE SINCE EMOTIONAL TREND HIS FAVOR CAN BE EFFECTIVELY EXPLOITED IN SHORT TIME LEFT UNTIL ELECTIONS.

DELGADORAIS

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W I T H D R A W A L N O T I C E

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AGRAM A-226

FR RIO DE JANEIRO

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RG: 059

TAB #: 8

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AGRAM A-12

FR BELO HORIZONTE

TO STATE

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DEPARTMENT OF STATE

AIRGRAM

732-00/82462

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PRIORITY

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TO : DEPARTMENT OF STATE
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BUREAU OF
INTER-AMERICAN AFFAIRS
AUG 28 1962

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ANALYSIS & DISTRIBUTION
BRANCH

FROM : Amembassy RIO DE JANEIRO

DATE: August 24, 1962

SUBJECT : Brazilian Election Highlights August 18-24

REF :

With time-out having been declared in the continuing presidentialism versus parliamentarianism game of national crises, the Brazilian politicians quickly deserted the capital in mass in order to attend to very important electioneering business on their home fronts. Returning to their respective states, the politicians were quickly enmeshed in preparation for the final and decisive lap of their electoral races. Except for the week of September 10-15 (as determined by Congressional-Cabinet agreement), Brasilia will be a city deserted by its population of elected officials.

Because of the revised "cedula unica" (single ballot) law, which was signed by President Goulart on August 21, the registration of the candidates and the political alliances will have to be completed 10 days earlier than in previous elections. The revised registration date for the 1962 election is August 28, so that--allowing for tactical (and generally lucrative) withdrawals of certain candidacies and last minute emergency substitutions--the complete lineups will soon be known. A complicating factor is the rash of legal challenges (impugnações) brought against certain prominent candidates.

Gilberto Mestrinho, young PTB leftist Governor of Amazonas, has had his candidacy in Rio Branco for Federal Deputy challenged by his opposition in the Territory. Alleging that he cannot continue to act as the Governor of Amazonas while he is a candidate in Rio Branco, PSD and PSB have requested a ruling from the Supreme Electoral Tribunal. In the Guanabara campaign, Deputy Adauto Cardoso (UDN) is preparing to file a like motion against Rio Grande do Sul Governor Leonel Brizzola as soon as he registers his candidacy for the Federal Chamber and the PST will make a similar move against the Senate candidacy of Bahia

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Drafted by: E. Walters, R. Schneider, L. Cooley:cm

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Governor Juracy Magalhães in Guanabara. Since the Superior Electoral Tribunal upheld the right of governors to run from another state as recently as last June, these challenges are unlikely to bear fruit.

Pernambuco

The senatorial candidacy of PSB Deputy Barbosa Lima Sobrinho proved to be both embarrassing and costly for Miguel Arraes, the leftist gubernatorial candidate. Prior to the PSB launching of the Barbosa Lima Sobrinho candidacy, Arraes supported the candidacies of wealthy industrialist José Ermírio de Moraes (from whom Arraes obtained generous financial support) and newspaper-radio-TV magnate Francisco Pessoa de Queiroz (from whom Arraes obtained generous propaganda and publicity support). Forced to publicly back fellow leftist Barbosa Lima Sobrinho, Arraes had to discard one of his wealthy companions. Late news reports reflected that Queiroz was bounced, and that he has now aligned himself with the UDN gubernatorial candidate, João Cleofas, and the PSD senatorial candidate, Jarbas Maranhão. Arraes received another, albeit relatively minor, setback when the Superior Electoral Tribunal ruled that he would have to step down as Mayor the day his name was registered. As Vice-Mayor Arthur Lima Cavalcante is a Federal Deputy candidate, the acting mayor will be Municipal Council President Antônio Moura Fernandes, a political foe of Arraes.

Guanabara

Lopo Coelho's candidature for the Vice-Governorship is gathering momentum as the registration deadline approaches. So far seven parties--the PSD, UDN, PSP, PR, PRT, MTR, and PRP--have endorsed him; and he will probably also have the PDC's nomination before long, although there is debate at present whether the party's support should go to him or to Eloi Dutra. With the withdrawal of Mozart Lago (PST), from the vice-governor race (he has stated he would rather be a Federal Deputy), such votes as might have been his in October will now be divided among the three remaining candidates, of whom Coelho and Dutra are the primary contenders. Other withdrawals include that of Sette Câmara (PSD) from the Chamber list and that of Alim Pedro (PDC) from the Chamber and Senate races.

Rio de Janeiro

The candidacies and party alignments in the Rio State gubernatorial, vice gubernatorial, and senatorial races now appear reasonably firm, with all 13 parties having formally defined their positions. In the five-way gubernatorial race Paulo Fernandes (PSD) is supported by the PSD-PR-PRP-PRT, Miguel Couto Filho by the UDN-PSP-MTR, Badger Silveira (PTB) by the PTB-PDC, Tenório Cavalcanti (UDN) by the PST-PTN (and PCB), and Edmundo de Macedo Soares by the PSB and PL. There are only three candidates for Vice Governor: Saramago Pinheiro (UDN) running with Miguel Couto; Atanagildo Ferraz (PDC), on the PTB-PDC slate with Badger Silveira; and João Batista da Costa (UDN) with the grand total of seven party banners (PSD-PR-PRP-PRT-PSB-PST-PTN), plus some dissident UDN-PTB

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support. The PL has no vice gubernatorial candidate. In the Senate race the coalition supporting Couto for governor is backing Mario Guimarães (UDN) and Aarão Steinbruch (NTR); the latter also has the support of the PR. The PSD and PTN have endorsed Saturnino Braga and Celso Peçanha (both PSD). Braga also was nominated by the PR and the PSB. The PTB candidates are Vasconcelos Torres and José Alves de Azevedo, and the sole PST candidate is Jonas Bahiense. Four parties--the PRP, PRT, PDC and PL--have decided not to give formal support to any senatorial candidate, leaving their members free to make their own choices.

Rio Grande do Sul

In a second convention held August 20, the PTB, having failed to persuade either National Economic Development Bank President Leocadio Antunes or University of Rio Grande do Sul Rector Elysiu Paglioli to become its second senatorial candidate, nominated Antonio Brochado da Rocha, brother of the Prime Minister and a member of the Federal Tribunal de Contas.

Rio Grande do Norte

The extended political honeymoon of Governor Aluisio Alves and leftist Natal Mayor Djalma Maranhão has apparently been abruptly terminated by the trend of recent electoral events. Mayor Djalma announced that he was breaking his alliance with the PSD-PDC and UDN-dissidents and instead of supporting Deputy Teodorico Bezerra and Vice Governor Walfredo Gurgel for the Senate, would regenerate his own senatorial candidacy. He was previously scheduled to run as the suplente (substitute) for Teodorico Bezerra. Governor Alves promptly reaffirmed his support of the Bezerra-Gurgel senatorial slate in preference to the Djalma candidacy.

For the Ambassador:

Ronald M. Schneider
Ronald M. Schneider
Political Officer

APPROVED BY:

Robert Eakens
Robert Eakens
Acting Deputy Chief of Mission

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| L | FBO | AID | FROM Amconsul, BELEM, PARA | | | SUBJECT Brazilian Elections 1962; Report No. 13 -- Convention of PSD | | |
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DEPARTMENT OF STATE
 ANALYSIS & DISTRIBUTION BRANCH
 DATE: August 2h, 1962

FROM Amconsul, BELEM, PARA
 SUBJECT Brazilian Elections 1962; Report No. 13 -- Convention of PSD

On August 18, 1962, the local section of the Partide Social Democrática held its convention to approve the candidates of that party to run for the federal senate, the federal and state legislative assembly, and the municipal council of Belém. The meeting was held at the PSD headquarters, the same building which a few days previously had been wrecked by a group of rioting students.

The session was presided over by General Moura CARVALHO, Mayor of Belém and the president of the local PSD. In the opening speech, he explained that they had decided to hold the convention at their own headquarters to show their opponents that the PSD was not afraid of threats and that the power of the party was not dependent on material belongings but on the courage and moral strength of its members. Several state and federal deputies and other members of the party spoke at the convention, all of them urging the electorate to support the PSD candidates. Professor Alvare FAN de NASCIMENTO, candidate for state deputy, spoke strongly against communism, urging all to adopt a line of defense against the infiltration of communistic ideas into the politics of Brazil.

The following candidates were chosen: For the federal senate: Joaquim Leão da SILVEIRA and Waldir BOURID; (no alternates were approved); For federal deputies: Armando CORRÊA, João MENESSES, Oelcio MEDERIOS, Anibal DUARTE, Waldemar GUIMARÃES, Jese Burlanaqui de MIRANDA, Elias SALAME, Lucival LORATO, Oswaldo CRICO, and Cherrant de BRITO.

cc: Embassy, Rio de Janeiro
 Embassy, Brasilia
 Department please pass to all posts in Brazil.

Edward J. Halsey, Jr.
 American Consul

FORM DS-323
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 Drafted by: E. J. Halsey, Jr.
 Contents of Communication Approved by: E. J. Halsey, Jr.
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AIR POUCH

TO : Secstate WASHINGTON

FROM : Embassy BRASILIA Office

DATE: August 24, 1962

SUBJECT : Columnist Quits Leftist Newspaper (Ultima Hora),
Claims Rightist "Blacklisting"; Owner Tells N.Y.
Times Editor This Action Proves Paper Non-Communist

The August 15-23 issue of Novos Rumos, the official Communist Party newspaper, carried a frontpage box announcing the departure from the Rio daily Ultima Hora of Arapuz. Arapuz had been the author of a daily column of humor on the sports page in which sports news received little attention, the column consisting mostly of political cracks at Guanabara Governor Carlos Lacerda, Brazil's moneyed classes, and the United States--in that order. The Novos Rumos story carried a statement by Arapuz which read in part:

"To my colleagues of Ultima Hora--Today I leave this paper. I have always said that I would not write without that minimum of liberty which is indispensable to a professional clown. I do not blame and I hope that you will not blame Ultima Hora. It held out as long as it could. But the circles of economic power becomes constantly more implacable. It was they and not Ultima Hora, which is after all a capitalist enterprise and needs to survive--who are the authors, by remote control, of my departure . . . When Ultima Hora could hold out no longer, they asked me to sacrifice a small part of the liberty which I have always required. There was no alternative . . . The battle is against

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IPES,¹ the rabble of economic power, and because of this I am leaving . . . They will clutch at us in every working place . . . We will leap from one place to another, until we fall behind a barricade, where they will hear the final sentence."

In Brasilia on August 22 John B. Oakes, the Editor of the Editorial Page of the New York Times, informed the reporting officer of a conversation the previous day in Rio with Samuel Wainer, publisher of Ultima Hora. Wainer attempted to convince Oakes that Ultima Hora is neither Communist-controlled nor Communist-dominated. "I give my columnists complete freedom," Wainer reportedly said, "which is something I learned from observing the practice of the best American newspapers. Only when they go too far for too long do I have to control them." Wainer said that was what had happened in Arapuz's case. Mr. Oakes expressed the opinion that although he is not a reader of Ultima Hora, his impression of Wainer was favorable. His view is that while Wainer might practice an inflammatory and occasionally anti-American style of journalism, he is motivated by opportunism and devotion to President Goulart and the PTB rather than to Communism. The reporting officer opined to Mr. Oakes that whether or not Ultima Hora is Communist, its

1. IPES (Instituto de Pesquisas e Estudos Sociais): The Department's 2380 of March 1, 1962 to Rio caps correspondence from various sources recounting the efforts of IPES to get financial support from U.S. firms in Brazil to be used for political purposes. With regard to the charges of IPES' blacklisting, the reporting officer was told last week by Fernando J. Pedreira, Chief of the O Estado de SSo Paulo bureau in Brasilia, that a large-scale purge effort by IPES is underway in Rio and SSo Paulo to force newspapers on pain of losing advertising to discharge Communist and leftist employees. This political activity has brought a reaction from administration sources which will be the subject of a separate report.

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WILLIAM H. BATES
Dartmouth College
COMMITTEE
ON
AMERICAN BUSINESS
AND COMMUNICATIONS
IN FOREIGN COUNTRIES

Congress of the United States
House of Representatives
Washington, D. C.

ACTION
is assigned to
ARA

24 August 1962

My dear Mr. Secretary:

A constituent of mine, Miss Jacqueline Darcy, will be visiting Brazil after Christmas this year, as indicated in the enclosed letter.

Miss Darcy wants to become fully informed of our problems and the United States point of view in these countries on certain problems which she has indicated. I would appreciate this information and other pertinent information which will be helpful to her in her writing about Brazil and also in her relations with the people of that country.

Thanking you for your assistance in this matter,

Sincerely yours,

William H. Bates
William H. Bates

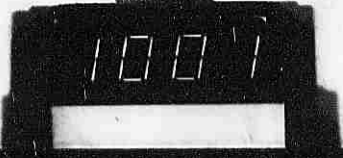
The Honorable
Dean Rusk
The Secretary
Department of State

WHL/csw Letter and enclosure, if any,
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DARCY, JACQUELINE
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White & Thompson would like to see Darcy -
Do they require a visa?
X.R. 732.00



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| E | P | IO | FROM : Amembassy, Brasilia Office | | | DATE: August 24, 1962 | | |
| L | PRO | AID | SUBJECT: The August 6-18 Political Crisis in Brazil | | | | | |
| AGR | COM | PRB | REF : | | | | | |
| INT | LAB | TAR | Summary | | | RB note contingencies Section 9 | | |
| TR | KMB | AIR | Coincident with the last two weeks (August 6-18) Congressional "concentrated work session," Brazil suffered and surmounted another of its periodic crises which are becoming a hallmark of the Goulart Administration. This crisis, a continuation of the President's determined drive to recapture all or some of the powers taken from the presidency as a sine qua non condition for the assumption by Goulart of the presidency after the Quadros resignation in August 1961 ended with a truce under which congressional leaders agreed to the calling of a plebiscite on the parliamentary vs. presidentialist issue early next year. If the Congress complies with its commitment (likely but not easily) the President will almost certainly have won a signal victory since most observers agree that the people will vote heavily for a return to presidentialism. Meanwhile the country may now be permitted to get down to the business of solving its economic and financial problems which are of more immediate (and real) importance than the political problem nurtured and exacerbated by the President and his supporters. | | | FILED SEP 10 2 17 PM '62 | | |
| ARMY | CIA | NAVY | 1. <u>The Build-up</u> | | | | | |
| 5 | 10 | 5 | The stage was set for the most recent crisis by a statement made by War Minister Nelson de Mello on August 6 | | | | | |
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(Embtel 318) in which he pointed to the institutional crisis which has rocked Brazil over the past year with "ever more alarming repercussions in its economic, social and financial life." The War Minister saw the basis for the crisis in the fact that the system of government had been changed without consultation with the Brazilian people and he questioned the legitimacy of the system as an instrument of popular representation, supporting the thesis enunciated several times before by the Prime Minister that "while the regime may be legal it is illegitimate" until the people have approved it.

The War Minister's statements were seconded by the Navy and Air Ministers and additional punch was added to the Administration's offensive by reinstatement of TV/Radio censorship based on a hang-over decree from the Quadros Administration (see Airgram A-184, August 13, 1962). While the government hastened to assure the public that this brand of censorship would have no effect on the press or other means of expression and subsequently reached an agreement with congressional leaders that the effects of the order would not apply to members of Congress or candidates for public office, it nevertheless served to show the Congress that the Administration had claws which it could and might use.

On August 10 the Prime Minister sent to the Congress the much heralded request for special powers which consisted of two messages. The first was a request for an interpretation of Article 25 of the Ato Adicional (which established the parliamentary system) under which it would be possible without constitutional amendment to set a date for the plebiscite earlier than nine months before the end of President Goulart's term of office, a patently legal distortion never taken seriously by one side or the other.

The second included 22 "projects" which in effect constituted a program of government for the Cabinet which proved highly statist and nationalistic in character calling among other things for government monopoly of petroleum imports, agrarian reform, a rural labor law, "repression of abuse of economic power," intervention in the mining and hydro-electric industries, and other measures which drew cries of righteous indignation as well as ridicule from most of the press and some members of Congress. It was obvious, as administrative opponents hastened to point out, that a Cabinet with such a short life expectancy could not possibly carry out so broad a program which would require years to implement and that its real purpose was to serve as a campaign document for the PTB, nationalists and other miscellaneous leftists, and a bargaining instrument against an early plebiscite.

The net effect of the messages on the Congress and responsible people was to raise further questions about the ultimate intentions of the Administration.

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2. The Congressional Counter-offensive

On August 7 Herbert Levy, President of UDN informed the reporting officer that his party and the PSD had reached agreement under which the two principal parties would seize the initiative from the Executive by undertaking to push through the Congress during the two-week session a number of bills of the class called basic reforms long pending in the Congress. He said that committees were already actively working on bills covering agrarian reform, profits remittances, banking reform and profit sharing in industry, most of which he thought could be passed during the current session.

Levy said that congressional leaders would call the Prime Minister and the Cabinet ministers before the Congress for interpellations on some of their recent statements and activities. He said that the Congress was confident that it would withstand any onslaughts from the Executive. A good deal of this confidence was obviously based on consultation with important military leaders, including the War Minister from which Levy deduced that the military had no intention of using or permitting illegal methods for forcing an early plebiscite. In fact, he said, the War Minister had all but admitted to the UDN leader in the Chamber of Deputies that he had been bamboozled into making his statement of the day before without full knowledge of the political facts in the case notably that it would be virtually impossible at this stage of the election campaign to obtain a quorum in the Congress large enough to vote measures requiring two-thirds vote.

Formalizing this plan the PSD, the UDN and the PSP on August 8 issued a joint statement (Embtel 344) defending the Congress against efforts to discredit it and stating that an early plebiscite would not solve the serious economic problems facing the country whereas agitation therefor would undoubtedly stimulate disorders and continued lack of confidence in Brazil. This statement pointed out the difficulty if not impossibility of obtaining a quorum large enough to pass constitutional amendments.

3. The Executive Retreats

It is not yet clear whether the Executive retreat from its uncompromising posture during the early part of the week of August 6 was part of an over-all plan encompassing alternating demonstrations of power and intransigence and reasonableness and willingness to compromise, or resulted from the fact that President Goulart and supporters, consciously or not, had over-played their hand. The objective of the retreat, in any event, was clear enough: to soften up the opposition and reduce criticism leveled at the earlier heavy power play. Certainly contributing to the change of tactics was the statement from ex-President Dutra (Embtel 366) calling on his

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former comrades-in-arms to uphold democratic institutions. Indications from the War Minister to congressional leaders that he had spoken on August 6 as a Cabinet minister expressing views of the Administration and not as a representative of the Armed Forces; an apparently coordinated move from the left (the full implications of which are not yet entirely clear) indicating that labor unions, student groups, etc., considered the plebiscite (of primary importance to Goulart) secondary to the need for basic reforms, all added pressure on the President in favor of a tactical retreat.

The President himself set the tone for his new posture in remarks to a group of Army generals in which, while maintaining the need for reforms, he declared his intention to abide by and support democratic procedures. At the same time the President and the Prime Minister began conversations with congressional leaders seeking a compromise solution to the impasse reached between the two branches of the government and which could not be pursued so long as Congress appeared to be under the gun of the Executive and the military.

4. Offensive Renewed

The Prime Minister spoke in support of the Cabinet's request for special powers on August 15. The tone of his plea was mild and as had been foreshadowed in statements to the press, he did not make any of the program a matter of confidence although he emphasized and underlined certain problems with sufficient emphasis to permit him later to shift to a more aggressive position should that become necessary. His reception by the Congress was cool, even the usual polite applause reserved for outsiders being notable by its absence. The congressmen may well have used this method to show displeasure with the presence in the galleries and in halls of the Congress of some two thousand unwashed workers from Brasilia who had been led to the Congress with placards demanding delegated powers, nationalistic legislation, etc., etc. §

On the same day that the Prime Minister spoke nineteen of Brazil's twenty-one governors met in Brasilia to discuss national problems. While called some time before, the actual date was not set until a few days before the 15th, presumably in order to coincide with the Administration's grand offensive. The governors' discussions stayed close to food shortage problems. One effort to bring up political questions by the Acting Governor of the state of Rio de Janeiro was squelched. The more experienced governors such as Juracy Magalhães of Bahia, Magalhães Pinto of Minas Gerais, Carvalho Pinto of São Paulo, Aluisio Alves of Rio Grande do Norte kept their political activities on an informal basis, working behind the scenes with congressmen from their states seeking to prepare the ground for a compromise between the Executive and the Legislature.

§ The workers after a brief noisy incident at the beginning of the Prime Minister's speech were orderly and disciplined.

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So far as the Embassy is aware all governors (even Carlos Lacerda, the Administration's most effective opponent supports a return to the presidentialist system in a modified form) favor the return of the presidentialist system although several of them, notably Cid Sampaio of Pernambuco, have reservations about returning them to Goulart. Their role was important in the Goulart scheme to recover full powers. In fact, Governor Magalhães Pinto who stayed on for almost a day after the Governors' meeting broke up, is given principal credit for working out the compromise agreement.

5. The Great Compromise

On August 17, word of an agreement between the Executive and principal party leaders began to circulate in Brasilia. The basis for this agreement had been hinted at by Magalhães Pinto in conversation with the Ambassador the day before when the Governor was still pessimistic as to chances for acceptance because of resistance on the part of the President who was demanding immediate action. Congressional leaders apparently were early agreeable to the agreement but resistance by the Executive was so great that Martins Rodrigues, PSD leader in the Chamber, that same morning considered the crisis to be far more serious than that of early July. However, with some urging on the part of the governors and political leaders Goulart accepted the compromise formula which was announced as a commitment undertaken by the principal party leaders (PSD, UDN, PSP--the PTB taken for granted--) the principal provisions of which were:

- (a) to call the Congress together again for another concentrated work session from September 10 to 15 at which time it would approve the Oliveira Brito amendment (Embassy Airgram A-164) which provides for easier constitutional amendment by the next Congress in limited fields for a six-months period by lowering the requirement from a two-thirds vote in two sessions to an absolute majority vote in one session;
- (b) the new Congress will consider whether or not the parliamentary system is to be maintained;
- (c) if the Congress decides to maintain that system or it fails to vote on the subject a plebiscite will be held April 15, 1963;
- (d) if the Congress determines to abolish the parliamentary system a plebiscite will in any event be held sixty days after such decision is reached.

That the Administration's virtually exclusive interest lay in the plebiscite issue is abundantly clear from the fact that of all the powers requested the Chamber of Deputies has thus far delegated authority to act on only three non-controversial subjects (two ministerial posts without portfolio, food supply and animal husbandry) without serious protest from the Executive after the compromise was reached.

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6. Why Did Congress Retreat?

If congressional leaders were as firm as claimed in their belief that Congress could withstand virtually any pressure from the Executive and convinced that the military would not intervene illegally, the question arises why did the party leaders back down from their public position of opposing a plebiscite before the date called for in the Ato Adicional. The following appear to be the principal reasons:

(a) Despite the claims of the UDN president that the principal political parties would never agree to an early plebiscite, it is evident that a number of important leaders, even within the UDN, have been agreeable to holding a plebiscite early next year, e.g., Pedro Aleixo (UDN-Minas Gerais) minority leader, wrote the favorable opinion on the Oliveira Brito amendment adopted unanimously by the Chamber of Deputies' committee studying the measure. Congress was, however, firm in opposing a plebiscite before or coincident with the October 7 elections and seems to have won on that issue.

(b) Congress' position on the plebiscite issue is weak with the public. The Executive has managed to convince the people (most people probably needed no convincing) that the parliamentary system was forced upon the country under military duress. While Goulart has in recent months ladled out heavy doses of demagoguery, irresponsibility and shown few positive qualities he has apparently convinced most of the underprivileged that he is the only leader in Brazil today capable of and willing to carry out reforms likely to improve their lot. The Congress has begun to show more awareness of its responsibilities but the Administration has been at least partially successful in convincing the people that such legislation of a social and reform nature as has been passed in recent months was passed only in response to goading by the Executive, a not entirely inaccurate assumption. In rebutting the pretensions of the Executive on the plebiscite issue congressional leaders have resorted largely to legalistic arguments, leaving the clear impression that they feared to take the case to the people.

(c) The Executive built up an atmosphere of high tension using some tricks and some facts to convince congressmen that the President was willing to go to extremes for a plebiscite. Some of the more extreme elements around the President disseminated the report that the plebiscite

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question would be made a matter of confidence[§] on which the Prime Minister would resign if turned down. Presidential supporters were also disseminating stories that not only would the Prime Minister resign and the Cabinet fall but that Brizzola would be the President's next nomination for the post of Prime Minister and that if the problem were not soon settled the military would be forced to intervene and a revolution coming out of Rio Grande do Sul could be expected. Congressional leaders apparently also received indications that should the situation deteriorate much further the military might be forced to step in and avoid chaos closing down the Congress in the process. Where these reports originated is not clear but some of the governors used the possibility of military intervention as one of their talking points in recommending a compromise. In any event, pressure from the Executive became so unbearable before the agreement was finally reached that some congressional leaders were consulting on the advisability of moving the Congress to Rio de Janeiro or São Paulo as a dramatic protest.

Thus as the Embassy had anticipated (Embtel 344), while some congressional leaders were confident they had backed off the Executive and could take advantage of the reaction to the President's patent ruthlessness, the fact is that Goulart is too smart a politician not to know that he has stronger cards in this particular game than does the Congress and that he can ultimately win the game if he knows how to play his cards.

7. Chances of Implementing the Agreement

Whereas the agreement, because of apparent difficulty in carrying it out, was first thought to be little more than a face-saver to extricate President Goulart from a potentially humiliating position where he was in danger of losing his authority with Congress and prestige with the people, it now appears that the chances of the agreement being honored are reasonably good. The large parties honestly enough made clear in their joint statement (Page 3) that a two-thirds vote would be almost impossible to obtain; and so it would be under ordinary circumstances. The circumstances, however, are not ordinary. The Administration has apparently satisfied itself that the leaders are sincere. The Executive for its part seems willing to drop virtually all demands except the plebiscite and will furnish special transportation and other inducements as may be necessary to encourage adequate attendance on September 10. Inquiries by Embassy

[§] Indeed, the official Agencia Nacional on the 16th issued a release stating that the plebiscite issue would be made a matter of confidence and that the Prime Minister would go to the Congress that day for that specific purpose. The communiqué was subsequently disowned both by the Prime Minister and the President's press secretary but by that time it had the Congress in a state of agitation.

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Brasilia Office

officers of opposition congressmen who might be expected to oppose the agreement have elicited assurances that the agreement will indeed be carried out. The mental reservation of some extreme members of the opposition resides less in the September meeting than in their conviction that the next Congress which cannot be bound by any action of the present, will find some way not to hold a plebiscite.

This is not to say that all the Congress is agreeable to passing the Oliveira Brito amendment as promised. In fact, a number of congressmen have expressed dissatisfaction with their leaders' decision and the Senate gives signs of being miffed because it was all but ignored in the negotiations. The smaller parties were not consulted and the PL, whose raison d'etre is the parliamentary system, is of course viscerally opposed; however, their membership in both houses is small. Nelson Carneiro (PSD-Guanabara) Chairman of the Justice Committee, spoke for others when he said to the press on August 18:

"I took no part in any understanding about the plebiscite... having learned the facts through the newspapers. I am of the opinion that if the Executive power in September gets any such pronouncement from the Chamber it will not increase its prestige since the question is based on a very real dilemma: either the Congress approves the plebiscite or the Prime Minister resigns creating confusion and chaos on the eve of the elections. From this it could be surmised that the Cabinet is afraid of the elections and has no confidence in the next Congress. And in point of fact the next Congress could on the next day after taking office vote a constitutional amendment revoking all dispositions which might inhibit its independence and constitute restrictions on the full exercise of its mandate."

Deputy Carneiro is doubtless speaking with conviction but voting will be made a matter of strict party discipline and whips cracked where necessary. To go back on the agreement signed by the party leaders would leave the Congress in a weak position publicly. For his part the President's position would be correspondingly stronger. He would be able, with less criticism than he received regarding the two past crises, to create a new crisis by threatening the Cabinet's fall. He would also probably have more of the public behind him should labor and students again use pressure tactics and the Army decide ultimately to take a hand.

That the President would have few inhibitions about allowing a new crisis to develop is clear enough since it is obvious that he is willing to stop at nothing to get his way--the gaúcho way--which most of the rest of Brazil holds in some awe. Probably as a result of continuing noises of skepticism from some congressmen that an adequate quorum will be on hand September 10 and that the agreed

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amendment will in fact be voted, Goulart has already begun building up an atmosphere of tension. He cancelled an announced speech at the Vargas tomb on August 24 (anniversary of the Vargas suicide) at which he was to have struck a legal, strongly democratic posture, with the intimation that the speech will be given only after Congress complies with the agreement.

8. Contingencies

Should the Congress fail to carry through on the agreement for whatever reason, certain contingencies might be expected:

(a) The Cabinet would fall and Goulart could, by nominating objectionable candidates to the Prime Ministry, let the crisis deepen to the point of forcing the military to move in. In such a situation it is possible that the Congress would be closed down but elections would likely be held and the new Congress permitted to function. To forestall charges that the military had intervened to put in a military dictatorship on the Argentine and Peru models (a possibility of which civilian and military authorities in Brazil are very conscious) Goulart would probably be retained in the presidency but his actions restricted by the military.

(b) It is more likely that the Congress will eventually permit a plebiscite to be held and the parliamentary system of government will be voted out. In the shuffle the pre-Goulart presidentialist system in which the President had wide powers might be reinstated.

(c) The Congress is expected to work out a compromise under which the President, besides being elected by direct vote of the people rather than the Congress, would have the power to name and discharge his ministers with only loose control by the legislature.

9. Balance

A truce, no more, has been achieved in the war of nerves between the Executive and the Legislature. Congress has improved its prestige as a result of long-delayed legislative activity. It has assumed a commitment which it will be expected to carry out. It is unlikely, however, that the President believes that enough deputies will turn up in Brasilia on September 10 to vote the plebiscite unless a crisis atmosphere once more brings them back, which judgment may well be correct. The Cabinet for its part could now devote whatever abilities it has to attacking some of the economic, financial and social problems which are dragging the country ever closer to the edge of disorder from which legal solutions and

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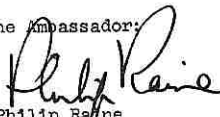
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political compromises will become ever more difficult. That Brazil will be able to devote its full energies to such problems before the October elections is dubious, since not only are the President, the Cabinet and Congress devoting most of their attention to the elections but much of the bureaucracy is making time until the country's rulers can give their attention to administrative and economic problems.


For the Ambassador:



Philip Reine
Counselor of Embassy
for Political Affairs

DISTRIBUTION: CINCARIB; all consulates Brazil; AMB, DCM, Service Attachés, USIS, Econ (2), POL I (5), POL II, Labor, CF (3), Brasilia (5).

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DEPARTMENT OF STATE
AIRGRAM

132.00/8-2762
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A-21 CONFIDENTIAL *VR 832.00*
NO. *19* *1962 SEP 7 PM 3 33*

TO : DEPARTMENT OF STATE
INFO: RIO DE JANEIRO, BRASILLIA, SAO PAULO
*Capital to Recife
limited below (4)*

FROM : Amconsul RECIFE DATE: August 27, 1962

SUBJECT: Weekly Summary No. 9

REF : *RM/R - Ruiz
9/7 JWW*

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2. Ultima Hora Attacks Consulate General
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PSYCHOLOGICAL

POLITICAL

1. Political Campaign Developments

New Acting Mayor of Recife ANTONIO MOURY FERNANDEZ this week dealt a painful blow to MIGUEL ARRABES chances of winning the Pernambuco gubernatorial elections in October. No sooner had the former President of Recife's Municipal Council taken over the mayorship from ARTUR LIMA CAVALGANTI, who left the office to begin his campaign

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CURITIBA -1
BELO HORIZONTE -1

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for Federal Deputy, than he summarily dismissed all but one of Arraes' key appointees within the city government. Fernandez then called in "for reassignment" all of the city's vehicles, including those operated by the city-sponsored, Communist-front Movimento de Cultural Popular (MCP). Fernandez' action, probably taken with the advice and encouragement of Governor SAMPAIO, not only hinders Arraes' further exploitation of the propaganda potential of such organs as the MCP and COMPARE (City Relief Supply Agency) and blocks further use of the city's physical assets such as jeeps, trucks, loudspeakers, printing supplies, etc., but also deprives some of Arraes' campaign workers of a city paycheck for the duration of the campaign.

Arraes suffered another setback this week when the local PTB, the only major party supporting him, came apart at the seams with the defection of nine of the party's sixteen candidates for the State Legislative Assembly just five days before the cutoff date for the registration of candidates. The nine defectors marched en masse to the regional electoral court and withdrew their names from the PTB list, announcing their intention to register individually with one of the other local parties. This group action was reportedly motivated by fear that the PTB slate will not draw enough votes in October to insure the election of more than a few state deputies. The defection was especially embarrassing to the PTB as the party's Secretary General for Pernambuco, NICANOR LEITE, was among the deserters. The PTB was scurrying to enlist new candidates and to register them before August 28, but it was generally accepted that the defection will minimize the party's representation in the next State Assembly, to say nothing of the blow to its prestige.

Since the defection lacked ideological motivation and in no way reflected the deserters' individual preference for Governor, the setback to Arraes was not in the form of a direct loss of votes or a major withdrawal of forces from his camp, but rather in the weakening of the one major party bolstering his candidacy.

A Catholic program for family prayer in the home was also having an effect on Arraes' declining fortunes this week. Based on the theme of family prayer and unity, the campaign had strong though implicit anti-Communist, and by extension anti-Arraes, overtones. In connection with the campaign, hard charging priests were going all over the city not only urging their flocks to turn to the Church but also to vote against Communist candidates (i.e., Arraes).

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Also connected with the nascent anti-Communist campaign was the appearance on the Pernambuco political scene of UDN state deputy AMARAL NETO of Guanabara. Last week he organized several anti-Communist comicios in Recife which were reportedly well attended and received. In Jaboatão, the hecklers were ready for him and gave him a bad time, but he stuck it out and seemed to get his point across even there.

In another development this week perhaps indicative of a shift in the political winds, there was a report from the Governor's Palace that Arraes had extended a peace feeler to Governor Sampaio. The messenger chosen by the Arraes camp to bear the olive branch was none other than the ubiquitous French Consul, MARCEL MORIN--ever ready to immerse himself to the ears in local political shenanigans. Reportedly, the "lets be friends again" refrain was sung first in the ear of the Governor's wife, who bears Arraes a deep resentment for the ill treatment she believes her sister (Arraes' late wife) suffered at his hands before her death. Governor Sampaio was reported to have expressed no interest in the proposal from the enemy camp, but was somewhat dismayed at the French Consul's newest adventure in Pernambuco politics. (CONFIDENTIAL)

2. Ultima Hora Attacks Consulate General

With glaring headlines and front page photos supposedly of ammunition crates in its August 21 edition, leftist/nationalist Ultima Hora warned that "The American Consulate in Recife Was Receiving Shipments of Ammunition." Pumping for all it was worth, for the next three days every edition blazed with the clear suggestion that huge stocks of guns and ammunition were being brought in by the Consulate General for some unstated, but obviously nefarious, purpose. Actually, the "ammunition" consisted of a few crates of pistol shell casings and black powder for the Police Academy which the Public Safety Division of USAID is helping Pernambuco organize. As in the past the prohibitive cost of ammunition has severely minimized target practice, it had been suggested that empty cartridges, powder and the equipment to refill used cartridges after target firing would be extremely useful. In order not to become directly drawn into the matter, it was decided to let the Brazilians carry the ball. The Director of the Police Academy, the Chief of Staff of the IV Military District, and the Chief Customs Inspector came immediately to the defense of the Consulate General with statements which

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appeared in all papers and explained the nature and purpose of the equipment. Even Ultima Hora was forced to backtrack to a certain extent, admitting in its August 23 and 24 issues that the ammunition had indeed been imported for the use of the police rather than the American Consulate General. The paper's tactic then seemed to be to plant the idea that this was proof of American support for Governor Sampaio's security police, which Ultima Hora frequently describes as "gestapo".
(OFFICIAL USE ONLY)

Comment: Though no doubt swaying some of its less sophisticated readers, Ultima Hora's smear story was not very convincingly told and probably did the United States position here little if any significant damage. Actually, for more than any other reason the item was significant in marking what might be the beginning of an Ultima Hora campaign to discredit the United States and the Alliance for Progress. Until the story on August 21, Recife's Ultima Hora, while certainly of far leftist and ultra-nationalist persuasion, had not displayed the virulent anti-American bias common to the Ultima Hora chain representatives in other Brazilian cities. With this attack, however, the wraps may have come off and other attempts may be expected. (LIMITED OFFICIAL USE)

3. Student Agitator Makes New Threats

JOEL de ARRUDA CAMARA, a student agitator arrested in connection with the recently uncovered subversive plot in the interior (see Weekly Summary No. 7, A-16, August 14, 1962) has been released by the IV Army and immediately began making loud noises about going back to Bom Jardim to rejoin the "fight against the landlords." He cheekily demanded that the IV Army give him permission to return to Bom Jardim, but boasted that he would go back with or without it by August 21. As of the end of the week, however, a discreet "no nonsense from you, young man" warning from the Army had been sufficient to keep Arruda Camara in place. (LIMITED OFFICIAL USE)

ECONOMIC

1. Port Strike Ends

The port strike which had closed Recife to ocean traffic for six days was settled late the afternoon of August 20 and all workers involved were back on the job August 21. Probably encouraged by the example of the warehouse workers who demanded a whopping 80 percent increase and actually settled for a comfortable 55 percent, the truck drivers union is now threatening to tie up highway traffic in this area unless they are given an 80 percent increase in wages. (UNCLASSIFIED)

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PSYCHOLOGICAL

From a case of ammunition on the Recife docks leftist/nationalist Ultima Hora this week created a sensationalist story involving the Consulate General (see Political No. 2). Ignoring the facts, Ultima Hora distorted a USAID effort to assist the Pernambuco Police Academy into what the daily hoped would appear as an insidious plot on the Consulate General's part to build up a huge supply of arms and ammunition for its own use. Both Diario de Pernambuco and Jornal do Comercio carried stories stating the facts, as supplied by the Director of the Police Academy, the Chief of Staff of the IV Military District and the Chief Customs Inspector. With the truth out in the open, Ultima Hora's smear attempt fizzled and, having been unable to draw the Consulate General into the controversy, they dropped the whole thing.

Diario de Pernambuco and Jornal do Comercio's coverage of the gubernatorial campaign in Pernambuco this week reflected an increasing belief that CLEOFAS now has a good chance of beating Arraes in the October elections. At the same time, Ultima Hora was concentrating on trying to identify Cleofas as the IBAD candidate and at the same time paint IBAD with fascist colors. Though Ultima Hora has suggested that "foreign" money (read "American") is helping finance IBAD, it paraphrases this by stating that it is the same money used against President Kennedy in the United States, against the Algerian Nationalists in Algeria and now against "patriotic" candidates in Brazil. The Communist weekly A Hora was less ambiguous; however, stating flatly that at least some of IBAD's money probably emanated from the American Consulate General.

Activities along Berlin wall received much attention and fairly heavy picture coverage this week. While sticking to fairly factual reporting and not given headline treatment, the tone of most stories was one of disapproval of the existence of the wall and the outrages perpetrated along it by the Communists. (OFFICIAL USE ONLY)

CONTRIBUTORS:
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WSSmith 15-17
CTucker

Eugene Delgado-Arias
E. Eugene Delgado-Arias
American Consul General

CONFIDENTIAL

10.16

AIRGRAM

TO: [REDACTED]

FROM: Department of State, Washington, D.C. DATE: [REDACTED]

SUBJECT: Request of Congressman James H. Van Voorhis for comment on letter from Mr. Donald F. Campbell

Enclosed are copies of an analysis of correspondence between the Department and Congressman Van Voorhis concerning the letter received from Mr. Donald F. Campbell, a member of the Legislative Mission in Mexico.

Before replying further to the Congressman the Department would appreciate receiving the holder's comments on the views expressed by Mr. Campbell.

Enclosures:

1. From Representative James H. Van Voorhis, August 19, 1952
2. From Donald F. Campbell, August 8, 1952
3. Department's internal reply to Representative Van Voorhis, August 19, 1952
4. To Congressman Van Voorhis, August 19, 1952
5. From Congressman Van Voorhis, June 27, 1952
6. From Mr. Donald F. Campbell

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| | | | SEP 4 1962 | | | R/AM/ANALYSIS & DISTRIBUTION BRANCH | | |
| AGR | COM | FRD | FROM : Amembassy Office, BRASILIA | | | DATE: August 27, 1962 | | |
| INT | LAB | TAR | SUBJECT : Eloy Dutra Accuses <u>Acao Democratica</u> and Ivan Hasslocher of Applying Economic Pressure for | | | JW | | |
| TR | XMB | AIR | POLITICAL PURPOSES | | | DWW | | |
| ARMY | CIA | NAVY | REF : Airgram A-235, August 24, 1962 | | | | | |
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| 12 | 8 | 3 | | | | | | |
| | | | Federal Deputy Eloy Dutra (PTB - Guanabara), on a TV program in Rio de Janeiro August 19 charged the existence of "a plan of economic terror designed to bring to power the most reactionary groups in the country". He named the "Instituto Brasileiro de Acao Democratica" and Ivan Hasslocher as its "superintendent" who, Dutra said, authorized the payment of "tens of millions of cruzeiros whose origin no one knows". | | | | | |
| | | | Dutra described meetings in churches where middle-aged women are "brainwashed". He said his revelations were the proof of the statement made to the press in Brasilia on August 14 by Minister of Justice Candido de Oliveira Neto in which charges similar to Dutra's were made. ¹ | | | | | |
| | | | 1 - As quoted in the press -- "I am going to suggest to the Cabinet certain legal and administrative steps to counter perversion of electoral activity. I am in possession of full documentation -- including photographs of meetings secretly held, no less, in religious places, attended by women -- I am vividly impressed by the facts surrounding the situation. There are in action in society veritable 'gangsters' who agitate, not with machine guns but adopting the tactic of strangulation and economic terror." | | | | | |
| | | | CONFIDENTIAL | | | FOR DEPT. USE ONLY [] Out | | |
| FORM 4-52 05-323 | | | | | | | | |
| Drafted by: Hweiner:avh | | | Contents and Classification Approved by: | | | | | |
| Clearances: | | | | | | | | |



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Brasilia Office

Dutra read what he described as a typical letter from the brainwashed housewife addressed to a commercial establishment in Rio.

"We, the mothers of Brasil, fighting against Communism in defense of democracy and in defense of our homes, request the management of _____ not to support Communism through advertising in Newspaper _____. Our alliance consists of a force which has decided not to buy from firms which protect them /Communists/ even if indirectly. Your establishment is on our list. Do not advertise in Communist newspapers and we will be your customers once again." He said the newspapers concerned were Ultima Hora and Jornal do Brasil.

Dutra said, "The space ships of this terrorism revolve in the orbit of Guanabara Palace, where they receive instructions from the Governor of that State. Carlos Lacerda is a past master of the technique of group mental enslavement." Discussing the financial backing of the "plot", he said, "We need have no illusions as to whether someone is financing, directing and orienting this movement. /It is/ someone who possesses resources which, by their sheer volume, cannot be our miserable and rickety cruzeiro... Who is paying for the immense bureaucratic service organized by these phony entities that are undating Congress with letters, telegrams and manifestos, edited by professionals and not by housewives who certainly do not know the technique of political terrorism?"

Other names he mentioned were retired Generals Antonio de Mendoça Molina and Ignacio Freitas Rolim, who were described as instructors in the technique of boycott.

(Continuation of Footnote 1)

Sharp reply came from the Aliança Eleitoral pela Família in a letter of protest to the Minister which denied any subversive aspect in its activities (Embdes 802, April 11, 1962) and told him that he could find ample subversion on the Left.

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Dutra concluded by showing a newspaper which he claimed contained charges similar to his by ex-Minister of Agriculture, Deputy Armando Monteiro Filho, (PSD-Perambuco) moderate candidate for Governor of Pernambuco. "Will he be called a Communist, too?" asked Dutra.

COMMENT: This outcry from a figure linked closely to the Administration probably indicates that a certain amount of pressure is being felt. (See referenced Airgram) The Jornal do Brasil has undoubtedly had a recent change of editorial heart -- it is now back in the moderate center after a lengthy dalliance with the Left. This may be accounted for by reasons other than the threat of economic pressure such as departure of Santiago Dantos from the Foreign Ministry, Church pressure to which the owners of JB would be particularly susceptible as well as disillusionment with Jango Goulart and better understanding of the danger from the Left.

FOR THE AMBASSADOR:

Harry Weiner
Harry Weiner
Second Secretary of Embassy

APPROVED BY:

Philip Raine
Philip Raine
Counselor of Embassy
for Political Affairs

DISTRIBUTION: All consulates in Brazil; AMB, DCM, Service Attachés, USIS, Econ (2), POL I (5), POL II, Labor, CF (3), Brasilia (5).

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INCOMING TELEGRAM

Department of State

PERMANENT RECORD COPY

38-32

CONFIDENTIAL

Action

Control: 21899
Rec'd: August 28, 1962
3:19 p.m.

ARA

Info

FROM: Rio de Janeiro

SS

TO: Secretary of State

SR

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NO: 479, August 28, 8 a.m.

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ACTION DEPARTMENT 479, INFORMATION BRASILIA UNNUMBERED.

I met Sunday afternoon for three hours with Foreign Minister Arinos and Campos in review various problems common interest. Arinos leaves September 14 for New York, and hopes have general review with Secretary. Will stay about two weeks, including Washington dinner to be arranged by Campos September 27.

Following up talks with Moscoso and Kubitschek, Arinos is working on proposal for high level counsel political advisers for AFP. Names discussed included Kubitschek, Lleras Camargo, Ruy Cortinez (Mexico), Galo Plaza, and Bowles. As next step, Arinos is writing Turbay Ayala to sound out Lleras.

Arising from Salvador meeting, we also discussed possible creation parliamentary group to support AFP on lines of European and NATO precedents. Campos will be consulting Department to get details on precedents and will develop memorandum to discuss with Arinos in New York in mid-September.

On domestic Brazilian side AFP, Arinos deeply troubled by revival by Leocadio Antunes of jurisdictional conflict with COCAP and COPLAN which caused so much wasted time and energy from last October to May 1962. Campos expounded background, making clear that COCAP was established as direct result Goulart-Kennedy talks and Neves cabinet had definitely decided issue in favor COCAP. Arinos is supposed to discuss with Brochado this week with view confirming decision. Bolhoes Pedreira rather discouraged and talking again about resignation. Arinos seeking to prevent this. If not preventable, Setta

Camara was
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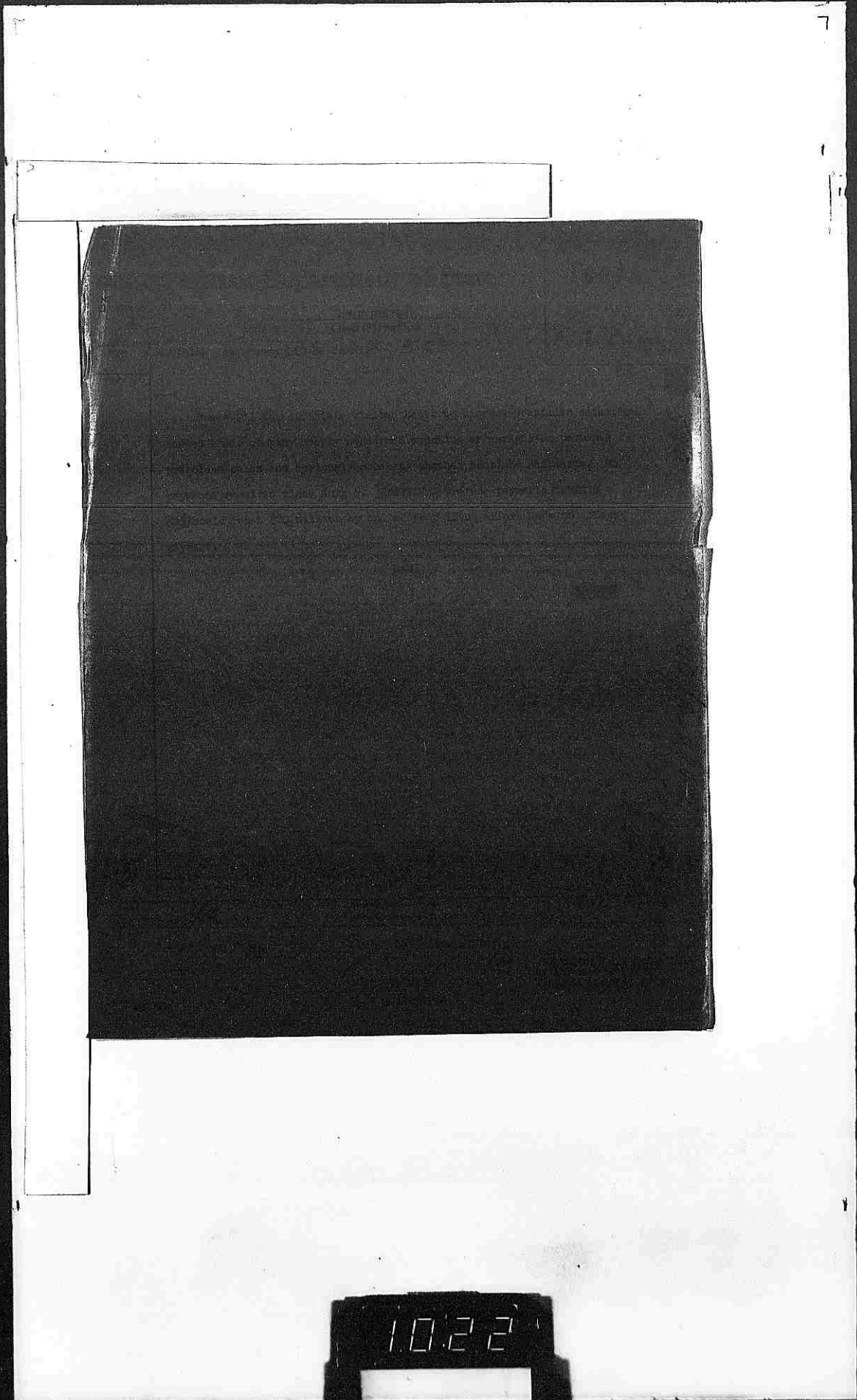
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INCOMING TELEGRAM

Department of State

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Action

Control: 23251

Rec'd: AUGUST 29, 1962

7:16 P.M.

ARA

Info

FROM: RIO DE JANEIRO

SS

TO: Secretary of State

C

SP

NO: 492, AUGUST 29

CAP

P

USIA

NSC

INR

CIA

NSA

OSD

ARMY

NAVY

AIR

RMR

PRESS REPORTS PARTIAL TEXT PRESIDENT GOULART REMARKS TO GROUP OF ESTIMATED 4,000 ARMY, NAVY, MILITARY POLICE-FIREMEN SERGEANTS AND NON-COMS AUGUST 25 IN RIO SUBURB CASCADURA FOLLOWING RECEIPT HONORARY MEMBERSHIP SERGEANTS CLUB INCLUDE EXPRESSIONS RE (1) CONTINUING BATTLE FOR FREER STRONGER BRAZIL BELONGING TO BRAZILIANS, (2) ONLY BRAZILIAN SOLUTIONS ACCEPTABLE SOLVE PROBLEMS, (3) REPUDIATING THOSE WHO COMBATING ALIEN DOCTRINES WOULD IMPOSE SOLUTIONS EQUALLY PREJUDICIAL, (4) SOLUTIONS DESIRED-IF NOT RADICAL LEFTIST-WILL NEVER BE EXTREME RIGHTIST FOR BOTH ARE CONTRARY NATIONAL INTERESTS, (5) IMMENSE RICHES SHOULD ALWAYS BE DISTRIBUTED TO BENEFIT ALL BRAZILIANS NEVER PERMITTING FRUIT BRAZILIAN LABOR AND SACRIFICE TO BENEFIT OTHER COUNTRIES, (6) CERTAIN ELEMENTS FORMERLY OPPOSED DEMOCRACY NOW FEEL JUSTIFIED UNFURL BANNER OF LEGALITY WHICH THEY COULD NOT BEFORE HONOR, AND (7) "I KNOW IT IS HARD TO DEFEND A COUNTRY WITH IDEALISM WHERE SO MANY DISGUISED OR OVERT AGENTS OF INTERESTS ALIEN OUR NATION OPERATE". PRESIDENT ALSO STRESSED MILITARY ROLE AS GUARDIAN SACRED INTERESTS OF PEOPLE AND NATIONAL UNITY.

PRESIDENT ACCOMPANIED BY WIFE, MILITARY MINISTERS, AND NUMEROUS HIGH MILITARY OFFICERS- MARSHAL LOTT ATTENDED CEREMONY.

GORDON

GEN

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What does this mean?

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INCOMING TELEGRAM

Department of State

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Action

Control: 23252
Rec'd: August 29, 1962
7:21 p.m.

ARA

FROM: Rio de Janeiro

Info

TO: Secretary of State

SS

G

SP

NO: 493, August 29, 5 P.M.

CAP

P

USIA

Reference: Embassy telegram 492

INR

CIA

NSA

OSD

ARMY

NAVY

AIR

Embassy interprets speech as continuation Goulart public pacification policy initiated in Paraiba speech (reference Embassy airgram A-132) while maintaining pure nationalist posture by reiterating need unique Brazilian solutions rather than alien philosophies. Visit with non-coms considered another tactical move in Goulart strategy to win military support for possible eventual showdown with Congress.

RMR

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ACRAM A-44

FR SAO PAULO

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W I T H D R A W A L N O T I C E

RG: 059

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AGRAM A-45

FR SAO PAULO

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CONFIDENTIAL

DEPARTMENT OF STATE

Memorandum of Conversation

xr 732.00
611.32

DATE: Wednesday,
August 29, 1962
11:30 a.m.

SUBJECT: The Alliance for Progress and U.S.-Brazil
Relations.

PARTICIPANTS: Mr. Edwin E. Martin, Assistant Secretary of State (ARA)
Mr. Herbert K. May, Deputy Assistant Secretary of State (ARA)
Mr. Ralph J. Burton, Acting Director Office of East Coast Affairs (ARA:EST)
Mr. Frederico Augusto Schmidt ✓

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RPA - 2 Amembassy, Rio de Janeiro
AID

Mr. Schmidt opened the talk by saying that his visit was to be considered absolutely confidential since there was some concern in Brazil as to the purpose of his mission. Yesterday, the Brazilian Foreign Minister had called him to ask what the purpose was, and Schmidt had replied "I have no mission".

Mr. Schmidt said he had come to ask a question: "What importance do you attach to the possible loss of Brazil to the Western world?" because he feels that the United States does not attach to this problem the importance that it merits. Assistant Secretary Martin asked why. Schmidt replied that he had this impression because little has been done to forestall this ever-growing danger. Brazil needs special—not general—attention, because it is engaged in a critical struggle. The danger is imminent because, unfortunately, the government of Brazil is helping the "Cubanization" of Brazil, involuntarily perhaps since it does not know what to do to counter-act it.

The truth, said Schmidt, is that there is panic in the country and serious inflation. Inflation can be a useful weapon, as it was in Hungary, and in Germany with the rise of Nazism. The Brazilian government does not understand this danger and was not ready to face it. There may have been "leftist" tendencies in the government, but the main fault was lack of preparedness. As an example, he cited the recent law on capital investment and profits. This has put an end to investment in Brazil, and Brazil now finds herself isolated in this respect. Everywhere in the country, there is a demagogic movement to impoverish the nation and to use poverty as a weapon. As President of the largest super-market chain in Brazil, he is well aware of it, and calls it sabotage.

Brazil

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CONFIDENTIAL

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Brazil is now engaged in an electoral battle. Economic power is in the hands of the extreme left. They have the money to manipulate the forthcoming elections. If they succeed, within a month you will see "Cubanism without tears", Cubanism legally instated.

There are dangers in Brazil, continued Schmidt, but there are positive aspects to the situation as well. The reaction of certain elements of the country has been admirable—Pernambuco for example—because the population of Brazil is not Communist. However, economic power is in the hands of communist candidates who have funds for propaganda, electioneering, etc. Schmidt could not guarantee the following, but he said rumors are afoot that Czechoslovakia sent money for the electoral campaigns. Furthermore, it has been discovered that Erisola financed the congress of communist students in Brazil that received so much attention.

Schmidt then predicted that there might be a coup d'état between the 10th and the 15th. President Goulart told Ambassador Gordon that if the deputies do not go to Brasilia, he could not foresee the consequences. There is rumor of an attack on the Chamber of Deputies between the 10th and the 15th if they do not submit to the will of Goulart. This may be a bluff, but precautions have been taken such as a change in the command of the Army. And all of this in a country of 75,000,000 people, whose frontiers touch many other countries of Latin America. If the situation develops as Schmidt predicts, it will be fifty times worse than Cuba.

The Alliance for Progress has worked out badly owing to a lack of understanding of the situation. Recommendations have been made in Washington that Brazil should concentrate on basic reforms, such as agrarian reform. Washington forgot that these words do not have the same meaning or value in Brazil. "Reform" in the United States means one thing, but in Brazil it means Communism. When the Alliance for Progress recommends agrarian reform, this in Brazil means aiding Communism. Agrarian reform means revolution—take the case of Greece, for example.

Mr. Schmidt then went on to criticize a speech made by Governor Muffoz Marin in which the Governor had said that we should work with the democratic left. In Brazil, said Schmidt, the democratic left means Communism. There used to be a democratic center in Brazil, but now the lines are simply drawn between Communism and anti-Communism.

Schmidt concluded his presentation by reiterating that the United States must attach the utmost importance to forthcoming events in Brazil, and if the United States does so, it must be ready to act.

Assistant

CONFIDENTIAL

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August 29, 1962

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DEPARTMENT OF STATE

AIRGRAM

732.00/8-3162

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TO : DEPARTMENT OF STATE
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BUREAU OF
INTER-AMERICAN AFFAIRS
SEP 5 1962

HANDLING INDICATOR
811.0032
SEP 4 AM 9
DATE August 31, 1962
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FROM : Amcongen SÃO PAULO

SUBJECT : Politicians' Assessments of Gubernatorial Race

REF :

RMLR-Full
JWW 8/17

Enclosed are two memoranda of conversations recently held between a Consulate General political officer and São Paulo politicians. They are especially interesting because the politicians were articulate, informed, and apparently not overly influenced by wishful thinking: both believed that their chosen gubernatorial candidate was running last. Opinions of this sort are probably the most valuable analytic tools available to the Consulate General, especially since in this case no useful electoral polls are available. The conversations almost entirely confirmed assessments Consulate General officers have received from other independent and enlightened sources, reinforcing the following theses (which have been reported in the Weekly Summary series and in Despatch 321 of June 27).

If the election could be held right now, Jânio QUADROS would probably be the gamblers' favorite, with Adhemar de BARROS running him close odds. But the date is October 7, and political newcomer José Bonifácio Coutinho NOGUEIRA has a good chance of moving up by then. It stands to reason that he, a new face, will profit more than his well-known adversaries from a long campaign. He also has the most money, the biggest machine, the best lieutenants, and the backing of the government which most Paulistas consider by far the best ever. Many observers believe that these factors are potentially capable of offsetting his inexperience, and they guess that the scandals which taint his opponents may compensate for José Bonifácio's lack of personal appeal.

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Drafted by: *DCP/roper/lfw* 8/30/62

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The numerous politicians supporting José Bonifácio may also be swayed by a less tangible force: a certain limited faith in human nature. São Paulo politicians are usually the opposite of naive in this respect, but they point out -- correctly -- that their public has lately shown a surprising knack for electing the best man. José Bonifácio is the best man. Or, for the gloomy, he is the "least worst."

Both of the informants in the enclosed memoranda agreed on the possibility of radical changes in the anti-Quadros candidates, with the best chance being that José Bonifácio might buy out Adhemar. This and other points agreed on by the politicians tally with the information the Consulate General has reported previously. Barring major changes, the election continues to look like a very close one to most observers, with the balance of votes probably in the hands of the still undecided voters.

Both of the informants, incidentally, also gave articulate expression to the prevailing Paulista view that President GOULART is an obstacle to the Alliance for Progress.



Daniel M. Braddock
Minister Consul General

Enclosures: *Att*

1. Memorandum of Conversation August 16, 1962
2. Memorandum of Conversation August 27, 1962

Distribution:

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1
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A-46

MEMORANDUM OF CONVERSATION

Date: August 16, 1962

SUBJECT: Conversation with Francisco Vieira

PLACE: Hennessy's Home

PARTICIPANTS: Francisco Vieira, Member of Partido Social Progressista
Carlos Matazo, Brazilian Lawyer
John W. Hennessy, Political Officer, American Consulate General, São Paulo

DISTRIBUTION: Amembassy Brasília (2)
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ARA
INR

1. On 16 August 1962 Mr. John W. Hennessy, a political officer of this Consulate General, had a private conversation with Francisco VIEIRA, a former campaign manager for Adhemar de BARROS, who is supporting the gubernatorial candidacy of José Bonifácio Coutinho NOGUEIRA in the October 1962 elections, and Carlos MATAZO, Brazilian lawyer. Both Vieira and Matazo have been social acquaintances of the reporting officer for some time. Vieira is still a member of the Partido Social Progressista (PSP) in spite of the fact that he has refused to support Adhemar de Barros, national president of the PSP and that party's gubernatorial candidate in the October elections in the State of São Paulo. Matazo is not a politician, simply a close friend of Vieira's. This meeting was requested by Vieira for no ostensible purpose other than conversing with the writer.

2. Vieira said that he believed that Bonifácio still had a chance to win the gubernatorial election, and that the political situation would not be completely clarified until at least a week or so after the legal registration of all candidates for office. He said that many candidates would jump party lines once they were sure that they could safely do so without losing their party sponsorship. He admitted frankly that he was hopeful that the financial power and the prospect of patronage, as represented by the present state administration of Governor Carlos Alberto de CARVALHO PINTO, would be able to buy new strength for Bonifácio's candidacy. He

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A-46

said that Barros had no chance whatsoever, that he was too old for the job and incapable of new ideas and meeting the changing times. He admitted that Barros controlled a relatively stable bloc of votes, but insisted that Barros could not pick up the additional strength required without spending a considerable portion of his own personal fortune, a risk he said that Barros would not undertake.

3. With regard to Jânio QUADROS, Vieira said that Quadros was gaining votes every day and the resignation of Auro Moura ANDRADE as Prime Minister had given Quadros an emotional argument with which to justify his own resignation from the presidency in August 1961. Vieira admitted that Quadros would be given another shot in the arm if Francisco Brochado da ROCHA, present Prime Minister, also resigns from office in the interim before the elections. In any case, Vieira said that Quadros appeared to be the frontrunner at this time and that his prospects of picking up additional strength were at least as good as those of his adversaries, adding that Quadros no longer had any financial problems. Vieira said that the one eventuality which would guarantee Bonifácio's election would be the withdrawal of Barros in favor of the former. When asked if this could possibly come about, he said there was always a possibility, adding that Adhemar was paid 300,000,000 cruzeiros and offered the Ministry of Justice (which he received) by Quadros during the presidential elections in 1960 in order to stay in the race and take votes away from Marshall LOTT.

4. Vieira described Quadros as impossibly dangerous for Brazil and labeled Barros as a washed-out politician who had already done everything good he would ever do for Brazil. He said that Bonifácio was the only forward-looking, aggressive, courageous politician seeking the governorship. As an example of Bonifácio's courage, he said that, some months ago, he attended a meeting of São Paulo politicians at which President João GOULART told Bonifácio that he would support him for the governorship, although this would be by means of the local Partido Trabalhista Brasileiro (PTB) rather than by any direct personal intervention by Goulart himself. Bonifácio replied that he, in turn, would support Goulart fully but only as long as Carvalho Pinto went along with Goulart's policies.

5. With regard to the Alliance for Progress, Vieira said he was very pessimistic. When asked how the Alliance could be successful in a country led by a President who has never taken a strong public stand in favor of the program, Vieira said that he did not trust Goulart and did not think Goulart was interested in the program. When asked if he had heard of the reported existence of a "Leftist Manifesto" supposedly supported by Goulart, Quadros, Leonel Brizola, Francisco Julião de Paula, Miguel Arraes, and others,

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Vieira said that he had heard of this and believed that there was a great deal of truth in it. He said that it was quite possible that the objective of this manifesto was the creation of a "Republica Sindicalista" (Labor Republic). Vieira said that although "it was quite possible that this republic would have nothing to do with communism, I can assure you that it also would have nothing to do with Western Democracy as we know it."

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A-46

MEMORANDUM OF CONVERSATION

Date: August 27, 1962

SUBJECT: Conversation with Ubirajara Kentenedjian

PARTICIPANTS: Ubirajara Kentenedjian, President of the Partido Social Trabalhista
John W. Hennessy, Political Officer, American Consulate General, São Paulo

PLACE: Danubio Hotel

DISTRIBUTION: Amembassy Brasilia (2)
Amembassy Rio (1)
ARA
INR

1. On 25 August 1962 Mr. John W. Hennessy, a political officer at this Consulate General, had lunch with Ubirajara KENTENEDJIAN, National President of the Partido Social Trabalhista (Social Worker Party -- PST) at the Danubio Hotel in São Paulo. Kentenedjian has been a social acquaintance of the reporting officer for some time, and two previous memoranda of conversations have been submitted as a result of previous talks with him. During these talks he has always revealed himself to be strongly pro-American and anti-Communist, although a definite believer in radical reforms, notwithstanding the fact that he is an extremely wealthy businessman.

2. With regard to the gubernatorial elections in the State of São Paulo, Kentenedjian, whose party is one of those supporting José Bonifácio Cantinho NOGUEIRA, said that Jéso QUADROS is ahead and would win the election by a comfortable margin if it were held today. He said that Adhemar de BARROS was strong enough to run well and finish second, with Bonifácio in third place. He said that Bonifácio had picked up strength in the past two weeks and that he was hopeful that this trend would continue, but that many Bonifácio supporters, including himself, were watching the trends very carefully and were quite capable of taking any last minute action which might be necessary to defeat Quadros. He said that he felt that any radical changes or political deals would be made by mid-September. He said that both

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Bonifácio and Barros are well aware of the possibility that it may take a combined effort, on their parts, to defeat Quadros. He said that Bonifácio would beat Quadros if Barros would withdraw and throw his full support to the former, adding that Barros controlled his bloc of votes so completely as to guarantee that he could transfer his strength en masse to Bonifácio. On the other hand, if the final decision is to throw the support of both candidates to Barros, then Bonifácio will not withdraw as a sizable number of his supporters are ex-Janistas, who, in the final countdown, would vote for Quadros rather than Barros. In this eventuality, Bonifácio would stay in the race to prevent Quadros from gaining votes, while behind the scenes the Bonifácio forces would instruct their followers to vote for Barros. Kentenedjian said he believed that either Bonifácio or Barros would beat Quadros if they had the full support of the other, but that the possibility of such a political deal was, at the present time, remote due to the fact that neither one wants to make a deal as long as he thinks he still has a chance of winning the election. He said that Barros does not have the financial support he would like to have, and that he is reluctant to make up the difference with his own personal money. He said he believed that now Bonifácio and Governor CARVALHO PINTO have the money they would need to buy Barros' support, adding that Pinto was determined to do everything he could to defeat Quadros.

3. Kentenedjian described Quadros as a very dangerous politician and as "a man of the left, not by ideological conviction, but because he was convinced that the road to future political success had to be a leftist one." He said that Quadros was the same political demagogue as always, and that this accounted for the fact that Quadros' political rallies had been more enthusiastically received than those of either Barros or Bonifácio. He described Francisco de Castro NEVES, Quadros' ex-Minister of Labor and presently one of his principal advisors, as an extreme leftist who had many Communist associations in the past.

4. Kentenedjian said that he had heard a rumor that the Communist-controlled São Paulo Metallurgical Workers Union had amassed some 200,000,000 cruzeiros for campaign expenses in the October 1962 elections.

5. When asked why the PST had joined the forces of those parties supporting the gubernatorial candidacy of Miguel ARRAES in the State of Pernambuco, Kentenedjian said that he could not have prevented this without severely damaging the PST in that state; pointing to the fact that many conservative parties were also supporting Arraes. He admitted that he was taking a calculated risk in supporting Arraes, but said that, on balance, he did not

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believe that Arraes was a Communist. He said that Arraes had denied flatly that he ever was or would be a Communist on the occasion of his last visit to São Paulo a few months ago. He said that Arraes got quite mad at him for asking the question a second time and told Kentenedjian that no one could be exposed to the poverty in Pernambuco without believing in the need for radical reforms, and that no politician in that state would have any future unless his politics reflected the needs of the people.

6. With regard to the Alliance for Progress, Kentenedjian said that, to the extent possible, funds should not be given from government to government, but should be handled by private banks, foundations, etc. He said he thought that certain "impact" programs were needed in order to show the Brazilian people what the alliance was capable of doing for them. In this connection he mentioned the broad generalities of a program he had in mind to build homes for the workers in the two factories that he owns. He referred to his previous activity which had completely broken all Communist influence in the unions operating in his factories, and said that if, within a few years, his workers were living in modest homes built partially with Alliance funds, this would call attention rather dramatically to what can happen to workers who chose the democratic way rather than the Communist road. Kentenedjian said that he did not believe that President João GOULART was, at the present time at least, interested in the alliance. He said that Goulart was devoting all of his effort to creating unrest and dissatisfaction, not only to regain lost presidential powers, but to set himself up as dictator of a "Republica Sindicalista." He said he could not verify the rumored existence of a secret agreement between Goulart, Arraes, Quadros, Leonel BRIZOLA and others to set up such a republic, but he believed it was more than possible. He said that Goulart believed he could cooperate with the Communists and still come out on top, adding that no mistake should be made about the fact that "Goulart is very definitely a man of the left." Nonetheless, he said that Goulart was an opportunistic politician, who responded to pressure from the right, notwithstanding his basic leftist tendencies. Kentenedjian described Attorney General Evandro Lins e SILVA as an extreme leftist who had certain very definite Communist inclinations.

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AGRAM A-14

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| A-265 CONFIDENTIAL | | | PRIORITY HANDLING INDICATOR |
| TO : DEPARTMENT OF STATE DEPARTMENT OF STATE BUREAU OF INTER-AMERICAN AFFAIRS ANALYSIS & DISTRIBUTION BRANCH SEP 6 1962 | | | 1062 SEP 6 AM 10 48 <i>Jm</i> <i>PH</i> <i>Hew</i> ① |
| FROM : Amembassy RIO DE JANEIRO | | | DATE: August 31, 1962 |
| SUBJECT : Brazilian Election Highlights August 25-31 | | | <i>J.W. Walker</i> <i>9/6/62</i> <i>no action</i> <i>A-265/EST/12</i> |
| RET : | | | |
| <p>The sparseness of startling electoral news items during the week reflected that, with the closing of the registrations on August 28, most politicians--now officially nominated--were busily engaged in the basic task of rounding up votes. However, with the abating of the recurring national crises, the newspapers began to worry about the forthcoming elections. Indicative of the range of preoccupations were the following comments:</p> <p>"Apparently we are traveling toward the suppression of the elections and adoption of the 'Argentine formula' with Jango Goulart (willingly or unwillingly) acting as a type of José Maria Guido...I am convinced that those who want the elections are few..." (Helio Fernandes, <u>Diário de Noticias</u> 8/29/62)</p> <p>"In the electoral campaign something entirely different is happening.../ Instead of knowing for whom he is going to vote/ the elector only knows whom he is going to vote against...The parties are not interested in substituting names or perfecting their slates...Everything is arranged so that no one will run any risks. The guarantee is not in the prestige, the popularity, the ability...of the incumbents, but in the absence of competitors...If we examine them closely, the parties feign competition but they are interwoven among themselves, like trusts and cartels. Like trusts, the parties make striking and expensive propaganda, not to eliminate competition, but in accord with prearranged quotas..." (Mario Martins, <u>Jornal do Brasil</u>, 8/26/62)</p> <p>"...either democracy will maintain its dominion, strengthening the base of a system of life preferred by the Brazilians, or it will capitulate to the leftist hosts, composed of crooked political men..."</p> | | | |
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| Drafted by: R. Schneider, E. Walters, L. Cooley: cgm | | | Contents and Classification Approved by: |
| Clearances: | | | |

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Ru de Janeiro

and communist minorities...."

(Deputy Aliomar Baleeiro, *O Globo*, 8/28/62)

The Minister of Justice was also reportedly worrying about the elections. Having previously criticized the Family Electoral Alliance of the Catholic Church (see Election Highlights of August 11-17), Minister Candido Oliveira Neto is now preparing to denounce--with documentation--"economic groups throughout the country" that are attempting to pervert the elections. Government agents have supposedly been dispatched to the Northeast, São Paulo and Minas Gerais to complete the investigations regarding such nefarious activities. Echoing the Minister's preoccupation about the abuse of economic power and calling for a congressional investigation, Deputy Eloi Dutra (Guanabara PTB vice-gubernatorial candidate) has been conducting a television campaign against the "economic terrorism of the IBAD" (Brazilian Institute for Democratic Action) and the "industry of anti-communism." Other investigations threatened or suggested by a variety of sources would include the campaigns of João Cleofas (UDN gubernatorial candidate--Pernambuco), Gilberto Mestrinho (PTB deputy candidate--Rio Branco), José Ermirio de Moraes and Francisco Pessoa de Queiroz (PTB senatorial candidates - Pernambuco), and Eraldo Lemos (PTB senatorial candidate - Sergipe). The *Tribuna da Imprensa*, on August 30, reported that Dun and Bradstreet had been contracted (fee=Cr\$1 million) by a group of military officials to investigate such organizations as the Family Electoral Alliance, the IBAD, the Institute of Research and Social Studies (IPES), and the Democratic Parliamentary Action groups as well as the financial activities of certain "high government officials." Dun and Bradstreet quickly denied the existence of such a contract.

Goulart requested to aid PTB efforts

Criticized by his PTB colleagues for neglecting their electoral efforts while he was busy combating Congress, President Goulart has been requested to spearhead a unified PTB and nationalist campaign effort. The President is still supposedly studying a series of proposals, drafted by San Tiago Dantas, as to how he can best assist the PTB candidates and how and when he should participate directly in the local campaigns.

São Paulo

As the Regional Electoral Tribunal battled its way through the 307 requests for registration as federal deputy candidates, it rejected two--Geraldo Rodrigues de Oliveira and Salvador Romano Lossaco--on grounds of their having "exercised communist activities." Rulings on one other federal deputy candidate--Municipal Councilman Rio Branco Paranhos-- and four PTB state deputy candidates will be forthcoming soon. Lossaco, who is an incumbent deputy, has appealed the decision.

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Airgram A-265
Rio de Janeiro

Pernambuco:

A synthesis of conflicting news reports from Pernambuco indicates that (1) the PTB is having serious internal organizational problems and has lost--to other slates--many of its stronger federal and state deputy candidates, and (2) the PSD and the UDN plus the PTN have allied and registered a joint list of deputy candidates of formidable vote getting prowess. This new alliance is favored to gain the bulk of the deputy seats and--if maintained--to control the next State Assembly.

For the first time in recent political history, the leftists have lost control (temporarily, at least) of the Recife city administration. With both Mayor Arraes and Vice Mayor Arthur Lima Cavalcanti having to absent themselves to maintain their candidacies (for governor and federal deputy, respectively), the President of the City Council, Antônio Moury Fernandes (PSD), has assumed the municipal reins. Acting Mayor Fernandes, anti-Arraes and pro-Cleofas, has already taken steps to remove Recife's City Hall as gubernatorial aspirant Miguel Arraes' principal base of operations and support.

Alagoas

The final registration of candidates in Alagoas revealed one surprise: the PSD federal deputy candidacy of Pernambuco Governor Cid Sampaio, a UDN member and former bitter antagonist of the traditional PSD hierarchy in the Northeast.

Rio de Janeiro

A protest against the gubernatorial candidacy of General Edmundo de Macedo Soares e Silva has been lodged with the Regional Electoral Tribunal by Djair Campos, president of the Niterói Directorate of the PSB. Campos charged that (1) Macedo Soares had not complied with the party statute requiring that PSB candidates publicly espouse the party platform, and (2) that he had obtained the PSB nomination by bribery.

The one thing that is clear in the Rio State gubernatorial race is that Macedo Soares has almost no chance of being elected. Therefore, while it is doubtful that he will be disqualified by the Electoral Tribunal, his withdrawal from the race is a strong probability.

Rio Grande do Sul

Ildo Meneghetti's gubernatorial candidacy has been strengthened by a formal announcement of PSP support. It is estimated that this will bring him an additional 80,000 votes despite the fact that a dissident PSP movement of some strength has declared for PTB candidate Egidio Michaelson.

Minas Gerais

Now that registration of candidates is complete, the withdrawal or "consolidation" of candidacies characteristic of Brazilian politics has begun.

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Rio de Janeiro

Deputy José Raimundo, PTB aspirant for Mayor of Belo Horizonte withdrew in favor of his PR rival, Jorge Carone. In return the PR candidate for the Senate--Deputy Tristão da Cunha--withdrew in favor of PTB incumbent Camilo Nogueira and his PSD ally, incumbent Senator Benedito Valladares.

Acre

The new state of Acre has been busy preparing itself for its first big election. To be elected: the governor, three senators, seven federal deputies, and a 15-member Constituent Assembly. On August 29, Governor José Rui da Silveira Lima's resignation was accepted by President Goulart, which will permit Lima to run for the Federal Chamber on the PTB-UEN-PSD coalition ticket. Other known candidates include the incumbent deputies, José Guimard (PSD) and Oscar Passos (PTB), as well as Valezio Magalhães (PSD), the incumbent deputy from Rio Branco; all are running for the Senate.

Piauí

The new Senate will be deprived of one of its traditional nationalist spokesmen: Senator Mathias Olympio (PTB) has decided to drop his campaign for re-election because of the superior "economic power" of his adversaries. The Senator will celebrate his 80th birthday on September 15, which may have influenced the stinginess of his own political backers.

Espírito Santo

As shown by recent coalition problems in Espírito Santo, inter-party political alliances require expert maintenance to keep them going as well as expert engineering to set them up. Collaborating with the PSD, the PTN was allowed to select the vice-gubernatorial candidate (Moacir Brotas) on the joint slate headed by Jones Neves. This arrangement worked smoothly until the MTR (also supporting Jones Neves), picked a former PSD stalwart, Ademar Martins, to be its candidate for the vice-governorship. With the appearance of his candidacy, Ademar's old friends--the rural PSD bosses--quickly, though quietly, began endorsing him rather than their new PTN bedfellow Moacir Brotas--to the embarrassment of the PSD hierarchy and the rage of the betrayed PTN. Claiming sabotage, the PTN is threatening an abrupt termination of its accord with the PSD.

For the Ambassador:

APPROVED BY:


Niles W. Bond
Deputy Chief of Mission


Edward T. Walters
Second Secretary of Embassy

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DEPARTMENT OF STATE
AIRGRAM

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A-22
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1962 SEP 7 PM 3 35
DEPARTMENT OF STATE
INFO: RIO DE JANEIRO, BRASILEIRIA/ANALYSIS & DOCUMENTATION BRANCH
DATE: September 3, 1962
SUBJECT: Weekly Summary No. 10

DEPT. PASS
BELEM -1
PORTO ALEGRE -1
CURITIBA -1
BELO HORIZONTE -1

- POLITICAL
1. Political Campaign Developments
 2. New Mayor Continues Moves Against Arraes
 3. Navy Visit

- ECONOMIC
1. Exchange Rate
 2. Labor Turmoil

PSYCHOLOGICAL

POLITICAL

1. Political Campaign Developments

The week passed rather uneventfully in Pernambuco though not quietly, as loudspeaker trucks blared away and candidates vied with each other in exercising their wits with political harangues. The last day for registration, August 28, saw a last minute rush of registrants and the harried PTB tried to stall for time by protesting that the slap-dash UDN-PSD alliance was illegal, supposedly because

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No. A-22
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it had not been arrived at in accordance with the guide lines laid down by the Electoral Tribunal. The ARRAES and CLEOFAS camps accused each other of violating the electoral code in various other ways too, but no one paid much attention to such accusations in the midst of the frenetic political maneuvering now in progress.

Probably of most significance this week as an indication of shifting strength was PTB senatorial candidate FRANCISCO PESSOA de QUEIROZ' scramble to identify himself with Cleofas rather than Arraes. A member of his camp told an officer of the Consulate General last week that Pessoa de Queiroz did not favor Arraes' candidacy, had never favored it and would do nothing to assist him even though they were on the same (PTB) slate. This week Pessoa de Queiroz appeared on the same platform with Governor SAMPAIO and UDN gubernatorial candidate Joao Cleofas at the inauguration of various public improvement projects in Moreno. And in the Sunday, September 2, edition of his newspaper Jornal do Comercio, Pessoa de Queiroz altered somewhat the daily Cleofas political advertisement, Marcha A Victoria, by dubbing in his own photo with that of Cleofas and under a photo showing a large crowd at a Cleofas political gathering adding the words "Pessoa de Queiroz Nos Comicios". Granted that Pessoa de Queiroz has never been strongly pro-Arraes, but during the early days of the campaign he often shared the speakers platform with Arraes, allowed his name to be used in conjunction with the Arraes campaign and various members of his entourage to eulogize the Mayor. Rather than indicating that he has been against Arraes all along therefore, as he would like to make it appear, his attitude now suggests rather that he has taken a new sniff of the political winds, decided that Cleofas may win after all, and is altering his course accordingly.

The Cleofas attack against Arraes gathered new steam this week with full page political advertisements appearing in both Jornal do Comercio and Diario de Pernambuco showing unpaved streets, collapsing bridges, and glaring signs, all with the caption "this is the result of the so-called efficient administration of the anti-democratic candidate" (read Arraes). Such tactics are a two way street, of course, and Ultima Hora was at the same time busy describing the truly horrible conditions in the State insane asylum, responsibility for which they dumped squarely in the lap of Governor Sampaio. Actually,

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neither Arraes' nor Sampaio's administrations have really accomplished a great deal in the way of improving the lot of the impoverished masses, and their charges are strictly a matter of the pot calling the kettle black. However, the key-stone of Arraes' popularity is his reputation as a good administrator who has done much for Recife. Anything that tarnishes that image hurts his cause severely and he is thus more vulnerable to attack in this field than is Cleofas, who as a Federal Senator cannot be held responsible for such things as unpaved streets in the city or the lack of roads throughout the state.

In another reflection of the defensive posture it has been forced to assume during the past few weeks, the Arraes camp complained this week that IBAD was staging false comicios in order to besmirch the reputation of the "popular candidate." According to an announcement from Arraes' campaign headquarters, IBAD had staged several spurious pro-Arraes comicios in Recife at which they used filthy language, insulted the Catholic Church and the Archbishop in revolting terms, praised the Communist system, and in general made themselves--and thus Arraes--obnoxious. Arraes' headquarters announced that from now on it will issue a daily list of "legitimate" comicios so that the public will not be duped by such tactics. Arraes' MCP (Movimento Cultural Popular) was also on the defensive, issuing public statements denying that it was a political organization, that it was using public funds from the city treasury, etc. (See Political Item No. 2). (LIMITED OFFICIAL USE)

Comment: All in all, this was a bad week for Arraes. Those who sell him short do the Cleofas cause a dis-service, however. Arraes is still strong in the Recife area and along the coastal mata as well. Though Cleofas has gained ground and Arraes has lost, neither candidate can yet count the final victory theirs. Overconfidence is very much out of place. Moreover, a Recife columnist reported this week that the GOULART forces, having decided to support Arraes, are disturbed over his declining fortunes and may attempt to give him a boost. (CONFIDENTIAL)

2. New Mayor Continues Moves Against Arraes

Recife's new Acting Mayor, ANTONIO MOURY FERNANDES, continued his anti-Arraes campaign this week. The Consul General called on the new mayor Thursday, August 30, to introduce Admiral TYREE,

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and was assured by Fernandes during the course of the conversation that the latter is democratic, anti-Communist and wants to institute as many reforms as possible during his tenure in order to show the people of Recife what a really efficient administration can do. In this last connection, Fernandes has already issued a list of projects, such as street lighting, road paving, etc., which he promises to complete during his few months in the Mayor's office. The Consul General was also informed last week by a relative of ex-Acting Mayor ARTUR LIMA CAVALCANTI that Lima Cavalcanti and Fernandes have a written agreement under which Fernandes is committed to conducting a thorough investigation of the city records in order to provide proof of corruption and misappropriation of public funds under the Arraes administration. Probably as an outgrowth of this agreement, the Cleofas forces this week claimed to have evidence demonstrating that the city had expended some CR \$80 million on the MCP. Another report, not yet made public, indicates that large amounts of money earmarked for COMPARE (the city relief agency) had actually been spent on the Arraes political campaign. (CONFIDENTIAL)

3. Navy Visit (UNITAS III)

On August 31, the U.S.S. "Lester," the "Mullinix" and the "Picuda," two destroyers and a submarine respectively, called at Recife to rendezvous with units of the Brazilian and Uruguayan Navies. All units sailed on September 1 to begin anti-submarine exercises in connection with the annual "Unitas" maneuvers. During their stay here, Admiral Tyree, the fleet Commander, exchanged formal calls with Brazilian military and civil authorities and held a press conference aboard ship. The crews departed themselves admirably while on shore leave and much favorable press resulted from the visit, even in Ultima Hora. A full report on the visit will be submitted later by the Consulate General. (OFFICIAL USE ONLY)

ECONOMIC

1. Exchange Rate

The Northeast, along with the rest of the country, was clearly frightened by the meteoric rise of the free market dollar-cruzeiro exchange rate. Various banks reported last week that the rate was rising so rapidly that many free market dealers

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were unsure from one hour to the next what rate they should use. Moving from about CR \$580 to the dollar at the beginning of the week, the rate reached CR \$700 by Saturday, going up almost fifty points in 24 hours on Wednesday. Banks also reported that investments, not very high to begin with, had fallen to zero during the week and that payments had also ceased as creditors waited out the rise hoping to pay out-standing accounts with depreciated money. By Sunday, however, the speculative bubble seemed to have burst and the rate dropped steadily, being marked at CR \$630 to the dollar on Sunday evening, from which point it is expected to begin rising again. (OFFICIAL USE ONLY)

2. Labor Turmoil

Recife's labor scene remained unsettled this week with the truck drivers union still talking of an 80 per cent increase and the bank workers union beginning to agitate for a 63 per cent increase and the abolishment of work on Saturdays. The union scheduled a mass meeting for next week after which it will probably present its new demands to employers. (OFFICIAL USE ONLY)

PSYCHOLOGICAL

With Francisco Pessoa de Queiroz, Jornal do Comercio owner publisher attempting to scuttle out of the Arraes camp, the battle lines within the Recife press became more clearly drawn. Diario de Pernambuco and Jornal do Comercio obviously favor Cleofas, though both papers accept Arraes' paid political advertisements. Leftist/nationalist Ultima Hora and Communist A Hora, of course, are going all out for Arraes. Both of the latter papers continued their campaign to identify Cleofas as the IBAD candidate and as the "American puppet." A Hora declared that the "salaried IBAD gangsters paid by Washington" were using completely unethical tactics in their support of "sugar baron Jose Cleofas, the American Embassy's candidate." Ultima Hora concentrated on IBAD, running photos of "IBAD's fleet of luxurious cars" bought at the expense of the people, and hammering away at the theme that Cleofas was the "candidate of the IBAD criminals" while Arraes was the "candidate of the people." Ultima Hora also launched a muck-raking campaign against the State Government, leading off with an expose on conditions in the State mental institution.

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On the other side of the fence, Diario de Pernambuco's "Periscopio" column, on August 31, declared: "These elections will serve as a test in determining who truly wants democracy. What can we, after all, imitate in the Communist system? Soviet tanks grinding under the freedom of the Hungarian people? The wiping off the map of Lithuania and Estonia? A wall in Berlin? No! We are going to stand up to those who under the guise of nationalism are preaching a doctrine of subversion."

Ultima Hora was again gunning for "Yankee interlopers" with a concocted story of a drunken American running into a bus and then refusing to pay the damages in spite of the righteously voiced demands of the "honest Pernambuco bus driver." Actually, inquiries by the Consulate General indicate that the whole story was falsified. No such accident occurred and no American was "hauled in by the police" as Ultima Hora suggests. One American was side-swiped by a madly careening bus this week, and this may have provided the "foundation" for the story. Ultima Hora will probably get little mileage out of this one. Almost every Recife has had to jump for his life to avoid being plowed under by irresponsible bus drivers who frequently race one another at break-neck speed through crowded intersections. Casting a bus driver in the role of martyr will probably draw little more than a guffaw.

The Cuban issue was very much in the news this week. Predictably, Ultima Hora and A Hora warned that "Yankee imperialists" were about to launch a new invasion, while Diario de Pernambuco and Jornal de Commercio concentrated on food shortages and reports of increasing internal discontent. One columnist, LUIZ CISNEIROS, writing in Diario da Noite, went so far as to "wonder if the Pentagon will be so unconcerned about the Cuban situation now that Soviet troops were in Cuba." He ended by warning that CASTRO was not only a problem for the United States but one which threatened the security of every Latin American country. (OFFICIAL USE ONLY)

D. Eugene Delgado-Arias
by *WSS*
D. Eugene Delgado-Arias
American Consul General

CONTRIBUTOR:
WSSmith *WSS*

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AGRAM A-257

FR RIO DE JANEIRO

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| L | FBI | AID | DEPARTMENT OF STATE | | | BUREAU OF INTER-AMERICAN AFFAIRS | | |
| AGR | COM | FRS | BUREAU OF INTER-AMERICAN AFFAIRS | | | SEP 10 1962 ANALYSIS & DISTRIBUTION BRANCH | | |
| INT | LAB | TAR | FROM : Amembassy RIO DE JANEIRO | | | DATE: September 4, 1962 | | |
| TR | XMB | AIR | SUBJECT : Brazilian Elections 1962; Report No. 28 Election Developments - Alagoas | | | ara | | |
| ARMY | CIA | NAVY | REF : Embassy Despatch No. 977 of June 5, 1962 | | | Full RM/R 9/12 944 | | |
| OSD | USIA | NSA | To bring up to date the basic electoral information regarding Alagoas, there is attached a supplementary report which may be detached and filed with the original despatch. | | | | | |
| 12 | 8 | 3 | For the Ambassador, | | | | | |
| | | | Edward J. Walters | | | Second Secretary of Embassy | | |
| | | | Enclosure: <i>att. m/m</i> | | | As stated. | | |
| | | | APPROVED BY: | | | | | |
| | | | <i>Niles W. Bond</i> | | | Niles W. Bond Deputy Chief of Mission | | |
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Airgram A-273

Rio de Janeiro

Alagoas (Reference: Anembassy Despatch No. 977 of June 5, 1962)

An Alagoas political observer has reported the following trends in the current political campaign that modify the Embassy's previous assessment of two political figures and introduces a third figure of note:

1. Former Vice Governor Teotônio Vilela, UDN senatorial candidate, was categorized as presently the most dangerous politician in Alagoas because of his betrayal of his conservative background by playing the leftist and nationalist game in his search for votes. His excessive drinking habits and the virtual bankruptcy of his sugar and industrial holdings were also commented upon.

2. Odilon Lima de Sousa Leão, PSP Federal Deputy, has also shucked his conservative upbringing to adopt a "Brizzola-type" campaign platform.

3. The Vice Mayor of Maceio, 27 year old Vinicius Cansanção Filho was categorized as a "hope for the political future of Alagoas." Vinicius is a graduate and practicing lawyer, a former student leader in the National Law Faculty, and is described as intelligent, practical, and energetic. A great fan of Carlos Lacerda, Vinicius was classified as a political moderate but strongly progressive. CENTRIST.

4. The senatorial candidates are:

| | |
|--------------|--------------------|
| PDC: | Arnon de Mello |
| UDN: | Teotônio Vilela |
| PR-UDN: | Rui Palmeira |
| PTB-PSP-PSB: | Hildebrando Falcão |

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FROM: Rio de Janeiro
TO: Secretary of State
NO: 535, September 4, 4 PM

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INFO:
RM/R FILES

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ACTION DEPARTMENT 535, INFORMATION BRASILIA 23

Political atmosphere, cooled off since last "concentrated effort" session Congress, is heating up as date for new "concentrated effort" (September 10-15) approaches. Over past week-end Governors Carlos Lacerda and Leonel Brizola made violent, clashing speeches analyzing situation while Goulart continued move quietly reinforce personal control. Speaking in Sao Paulo August 31 Lacerda charged government's efforts force Congressional approval plebiscite "illegitimate, illegal, immoral." Lacerda absolved President and Premier of any desire "betray" country but declared "white soup" being planned for September 15 by their Communist and crypto-Communist advisors, Goulart and Brochado being "devoid of ideas, education, capacity for serious work".

Brizola responded with two radio and TV speeches next day in Rio in which he called Lacerda "gruesome figure" who "spokesman for groups associated with international pluggers" and called on Congress to approve plebiscite to be held simultaneously with October 7 elections or "people will rise." He also said were he President would have long since dissolved Congress. In September 3 speech Brizola repeated earlier demands present US and Brazilian Ambassadors be recalled,

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TO: DIRECTOR, FBI
FROM: SAC, RIO DE JANEIRO
SUBJECT: BRIZOLA, GONCALVES
RE: [REDACTED]

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-2- 523, September 4, 4 PM, from Rio de Janeiro
charging former with intervention Brazilian internal affairs
and latter with being "not big enough for his job." US Embassy
should be closed-down, Brizola said.

Sometime administration supporter Jornal Do Brasil reports
Goulart disassociating himself with Brizola threat and "tranquil"
over Lacerda attacks. Nevertheless, August 31 announcement of
designation leftist ultra-nationalist General Peri Bevilacqua
to command II Army (Sao Paulo) widely regarded as increasing
Presidential pressure on Congress. Replacement IV Army
Commander General Costa E. Silva, strongly anti-Communist, is
also reported. Other signs administration courting military
include Goulart luncheon for 20 admirals September 3 and recent
Foreign Office meeting of Chiefs of Cabinet Military Ministries.
In warning evidently aimed at Brizola, President of Local
Electoral Court on September 1 publicly cautioned candidates
against violation of National Security Law and Electoral Code.

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6:33 p.m.

ARA

FROM: Rio de Janeiro

INFO: RM/R FILES

Info

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TO: Secretary of State

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NO: 534, September 4, 4 p.m.

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ACTION DEPARTMENT 534, INFORMATION BRASILIA 22.

Finance Minister Moreira Salles resigned September 3. He arrived from Europe September 1, had talks with President Goulart, and announced yesterday that resignation irrevocable. Press reports that Moreira Salles will shortly make public statement explaining resignation.

Embassy has not yet had opportunity discuss resignation with Moreira Salles or people close to him. Resignation not surprising. In speech upon assuming office (Embassy A-136), Moreira Salles intimated his tenure could be short, and in any case stated would leave post if unable carry out constructive policies. From beginning there has been growing divergence between policies of Goulart and Cabinet and those of Moreira Salles, as in case nationalistic tenor requests for delegation of powers and profit remittance legislation. Furthermore, outlook for continuing political turbulence here, and probably his estimate that climate in US and Europe unfavorable to assistance, added to difficulties he foresaw in trying combat increasingly serious internal, and particularly external financial situation.

How Moreira Salles' succession is handled will be important for future financing policy. If Calmon remains as Acting Minister or is named Minister, constructive influence of monetary authorities in GOB may continue. On other hand, there could be possibility

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LOCATION

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-2- 536, September 4, 4 p.m., from Rio de Janeiro

possibility that Calmon, Bulhoes and other believers in liberal economic policies be replaced by new appointees, either soon, or more likely, gradually.

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| E | P | IO | AmConsulate, Curitiba | | | DATE: Sept. 5, 1962 | | |
| L | FBO | AID | Brazilian Elections 1962: Report No. 7: | | | PARTIAL LIST OF PARANA CANDIDATES BACKED BY | | |
| AGR | COM | PRB | THE GATHOLIC CHURCH FOR THE OCTOBER ELECTIONS | | | SEP 13 1962 | | |
| INT | LAB | TAR | REF | | | COPY NO. 1 SERIES A | | |
| TR | KMB | AIR | On September 4, 1962, Archbishop Don Manoel da Silveira D'Elboux presented to the Reporting Officer the following partial list of candidates which the Catholic Church in Parana is backing. The biographic information on these candidates was given in our Airgram No. 11, July 31, 1962, subject: "Brazilian Elections 1962: Report No. 6: A Status Report: " | | | | | |
| ARMY | CIA | NAVY | Federal Senators: Dr. Bento Munhoz da Rocha Netto Dr. Adolfo de Oliveira Franco | | | | | |
| 5 | 10 | 5 | Federal Deputies: Dr. Ivan Luz Dr. Mario Braga Ramos Dr. Flinio Ferreira da Costa Dr. Hermes Macedo Dr. Nivon Weigert | | | | | |
| DSD | NSA | NSA | State Deputies: Dr. Elias Karan Dr. Edgard Tavora Dr. Rubens Requião Dr. Joao Vargas de Oliveira -Ponta Grossa Dr. Antonio Lopes Junior Da. Alice de Souza | | | | | |
| 12 | 8 | 3 | CC: Brazilian Desk, Wash. (1); AmEmbassy Rio (1); AmEmbassy Brasilia (1); Mr. Henderson, Counselor, Rio (1). Mr. Walters, AmEmbassy Rio (1). | | | | | |
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agm No. 19, Sept. 5, '62
AmConsulate, Curitiba

Dr. Oliveira Mello
Dr. Danilo Lorusso
Dr. Homero de Barros
Ernesto Moro Redeschi

Mayor of Curitiba: Dr. Ivo Arzua

Arthur W. Feldman

Arthur W. Feldman
American Consul

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COURIER POUCH

HANDLING INDICATOR

TO : DEPARTMENT OF STATE

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DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
SEP 21 1962

FROM : Amconsul, SALVADOR

DATE: September 5, 1962

SUBJECT: Brazilian Elections, 1962: VI: Sergipe Situation
Continues Unclear ARA 732.00/9-42
REF : Consulate's Airgram A-1, July 9, 1962, "Brazilian
Elections: IV: Sergipe in the Balance"

During the period from July 9 to September 4, the campaign of Leandro Maciel (UDN VI) seems finally to have gotten off the ground, but it is not at all clear that the defending champion will be able to contain the onslaught of challenger Joao de Seixas Doria (UDN III). Although Maciel, the very picture of an old-time benevolent despot who continues to govern the state as if he were still the governor (he left office over three years ago), insists that he will win, the forces of the two contestants seem about evenly matched, and the election could go either way.

On Maciel's side the candidates are as follows:

Governor: Leandro Maciel (UDN VI), former governor (1955 - 1959).

Vice Governor: Manoel Conde Sobral (PSD, presumably V or VI), state deputy.

Senate: Luiz Garcia (UDN VI), former governor (1959 - 1962).
Eraldo Lemos (PTB VI)

Chamber: Lourival Batista (UDN IV or V), incumbent.
Jose Passos Porto (UDN III or IV) incumbent.
Arnaldo Garcez (PSD, presumably V or VI) incumbent, and governor from 1951 to 1959.

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Chamber (continued)

Francisco Macedo (PTB III or IV), state chairman of the PTB, and a former federal deputy.
João Machado Rollemberg (presumably UDN V or VI), until July 6 Secretary of Finance of the state.
Euclides Paes Mendonça (presumably UDN V or VI).

Two others, whose names are not known to the Consulate.

Maciel has commented that Lourival Batista and Arnaldo Garcez are sure of reelection, and he considers that his UDN-led coalition will take a total of four seats (he said in June that he might take five, and he still maintains that, if the PTB can win 12,000 votes instead of 10,000, he will carry five seats). The two strongest candidates in his stable after Batista and Garcez, and therefore presumably the other two of the four he hopes to elect, are Macedo and Machado Rollemberg.

In addition, the UDN has nominated 32 candidates for the 32 Assembly seats, and Maciel claims that 16 will win election. In 1958, according to Maciel, the UDN also won 16 seats, although according to Consulate records, the party won only 15. Maciel maintains that he has retained control of the state assembly, by a vote of 17 to 15, through inter-party alliances. Part of the confusion of the present political situation in Sergipe may be judged by the fact that Maciel's opponent claims to control the state assembly by exactly the same vote, and adds that he will increase his bloc to 20 after the election. However, according to Maciel, the PSD has nominated only 12 candidates for seats in the assembly, as compared with seven seats now controlled by that party (including two who are supporters of Maciel).

The opposition candidates are as follows:

Governor: João de Seixas Doria (UDN III), federal deputy.

Vice Governor: Sebastião Gelso de Carvalho (PSD, presumably III, IV, V, or VI), state deputy.

Senate: Francisco Leite Neto (PSD VI), federal Deputy and state president of the PSD.

Julio Leite (PR VI), Leite Neto's uncle, a former senator, and a member of the Conselho Nacional da Economia.

Chamber: José Carlos Teixeira (PSD III or IV), an Aracaju businessman making his debut in politics, who is evidently being groomed to take Seixas Doria's seat.

Aristo Amado,

Edelsio Vieira de Melo, an unsuccessful candidate for the vice governorship in 1958, whom Teixeira says will take Leite Neto's old seat.

Euvaldo Diniz Gonçalves (UDN IV, V, or VI), incumbent, who has rented a helicopter to campaign with, and uses rather venal campaign methods; Teixeira says he will be reelected, while Maciel says he will not be.

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Chamber (continued)
Armando Leite Rollemberg (PR III or IV), incumbent,
whom Teixeira says will be reelected.

Presumably three others, whose names are unknown to
the Consulate.

Seixas, Teixeira, and Archbishop Vicente Tavora say that this
PSD-PR coalition ticket led by Seixas will win four seats. According
to Teixeira, who has been close to Doria throughout the campaign, the
lucky four will be Teixeira, Vieira de Melo, Diniz, and Rollemberg.

In the federal bancada, as in the state assembly, both Maciel and
Seixas Doria make identical claims: each maintains that four-sevenths
of the federal bancada is his. In fact, four of the seven federal dep-
uties were elected as Maciel men in 1958, and four of the seven now
support Seixas Doria. Maciel maintains that the shift of Doria him-
self and Diniz from the Maciel side to that of the three duly-elected
PSD-PR deputies, and the corresponding shift of one of the PSD deputies
to the Maciel side, will not change the real balance of forces, and as-
serts that the two turn-coats, Doria and Diniz, will be duly punished
by the electorate. It is possible that only part of the original
Doria-Diniz vote followed them into the opposition camp, in which case
the even split represented in the assembly and the senate vote may apply
throughout the political picture. In the senate race, for instance, it
looks as if Garcia (UDN) and Leite Neto (PSD) will win, leaving Julio
Neite and Eraldo Lemos in the dust.

The vice gubernatorial candidates are undistinguished PSD state
deputies who have not been much in evidence in the campaign, and it is
expected that whichever gubernatorial candidate is elected will carry
his vice gubernatorial running-mate with him.

The fairly even split of the electorate as evidenced by the con-
flicting claims in the federal bancada and the assembly, and as evidenced
by the senatorial outlook, would seem to indicate a very close split on
the gubernatorial race. The belief in Aracaju is that Seixas Doria will
win, but Aracaju is traditionally a PSD-PTB town, and voters there are
pro-Doria in any case. Moreover, as noted in the Consulate's A-1 of
July 9, thinking in Aracaju is probably colored by the PSB daily,
Gazeta de Sergipe, which is pro-Seixas.

The Consulate estimates that the two strong pro-Maciel candidates,
Batista and Garcez, will be reelected, as will the two incumbent pro-
Seixas candidates, Diniz and Leite Rollemberg. The remaining three
seats should be divided between Macedo and Machado Rollemberg on the
Maciel side and Teixeira and Vieira de Melo on the Doria side; obviously
one of these four will be odd man out, thus determining the balance of
forces between Seixas' deputies and Maciel's. The two pro-Maciel
candidates, Macedo and Machado Rollemberg, look stronger than the two
pro-Doria candidates, Teixeira and Vieira de Melo, in that they both
have already reached greater political heights than Teixeira, a political
newcomer, and Vieira de Melo, an unsuccessful candidate for the vice
governorship in 1958 who is otherwise unknown to the Consulate.

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On the other hand, Teixeira is a clever and intellectually nimble young man, president of the Sociedade de Artes e Cultura de Sergipe, while Macedo, the state chairman of the PTB, apparently had an undistinguished record during his last term in the Chamber.

According to Maciel, the chamber delegation election will be determined by who wins the governorship, which leads one to consider the over-all campaign. The situation in June was that the Doria forces had 19 sound-trucks to the four in use by the Maciel forces, and Doria had been campaigning for eight to 12 months. Today, according to Maciel, he and his allies have 29 sound trucks, while Doria still has only 19. Evidently the Instituto Brasileiro de Ação Democratica (IBAD) has channelled some funds into Maciel's campaign, for references have been made in the press to "IBAD kombis" being used by Maciel candidates. Maciel continues to control most of the state's municipios, and is waited upon at his home at night and in the governor's palace by day by police officers and others seeking administrative and judicial decisions. He stoutly maintains that the UDN has retained its majority position, as evidenced not only by the relative weight of the UDN and the PSD in the assembly, but also by the PSD's small number of assembly candidates and few municipios. Aracaju and Sergipe are heavily marked by Maciel-Garcia public works projects.

On the other hand, Maciel's regime is very woolly around the edges. Maciel himself does not always seem too certain about such matters as head-counts among deputies (who perhaps seem somewhat unimportant to him), while there is the smell of a well-oiled machine functioning at full tilt on the Doria side. Doria and Teixeira are working long and hard, and Doria himself says that Maciel is a good administrator but a poor politician. The Doria forces seem newer and less shopworn, and their no-doubt facile and ringing oratory is bound to have its effect in a state where poverty and actual starvation are rampant. Teixeira characterizes the Doria forces as idealistic, while the Gazeta de Sergipe refers to Maciel as "the old caudilho".

The evisceral feeling with which one is left, admittedly after brief encounters in a pro-Doria atmosphere (that prevailing in Aracaju itself and in the pages of the Gazeta de Sergipe), is that the old regime may very well be overturned by new forces and new men.

C. Dirck Keyser
C. Dirck Keyser
American Consul

cc: Political Sections, Rio and Brasilia

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DEPARTMENT OF STATE

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SEP 11 1962

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TO : DEPARTMENT OF STATE

FROM : Amcongen SAO PAULO

DATE: September 5, 1962

SUBJECT : Weekly Summary No. 36

REF :

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PSYCHOLOGICAL: 1. Local Press Reaction

POLITICAL

1. Lacerda Expects Major Crisis

Guanabara Governor Carlos LACERDA has warned Sao Paulo to expect a crisis as serious as those following VARGAS' suicide and QUADROS' resignation between September 10 and 15. The country's basic problems could all be solved by the kind of hard work being done in Sao Paulo and Guanabara, he said, but the last thing which President GOULART had in mind was work. Goulart and his obedient Prime Minister Brochado da ROCHA instead preferred to spend night and day "plotting, con-
spiring. . . coercing." These conspirators were guided by the President's "black Cabinet" of "Communist or philo-Communist" advisers. Lacerda named some of the "black Cabinet" members:

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Raul RIFF, Alaro Vieira PINTO, Luiz TELXEIRA, Josué GUIMARÊS, Inacio Mauro RANGEL, Cibillis Souza VIANA, and Dimar CAMPOS ("Communists"); Jesus Soares PEREIRA and José Neiva FIGUEIREDO ("crypto-Communists"). The conspirators were termed "reformists" rather than "reformers" because they liked to talk about rather than accomplish reforms. They were the real abusers of the "economic power" of which they so often complained, and the money they spent in pursuit of their personal goals was the public's. They were helped by big businessmen who dreaded foreign competition. Lacerda named São Paulo industrialist José Ernirio de MORAES as typical of these nationalists of convenience (see São Paulo Weekly Summaries 20, 29, 31). The "Kremlin's sacristans" also helped the conspirators, misquoting the Mater et Magistra (see Despatch 291 of June 5 on the Church "left wing"). Goulart's goal, said Lacerda, was to bring the country at any cost to a false choice between two systems "which have not yet functioned": "a terrible parliamentarianism or a still worse presidentialism." The Guanabara Governor feared that the outcome of the expected crisis might be civil war.

Lacerda strongly opposed Jânio Quadros for the São Paulo governorship but did not plug for either of Jânio's strong adversaries.

Prestigious O Estado de São Paulo took up Lacerda's line and carried it further; most of the rest of the press played it down but attacked Goulart on similar grounds. (OFFICIAL USE ONLY)

Comment: Lacerda, who has proved to be an accurate prophet of disaster in the past, has further heightened the tension prevailing in São Paulo.

Rumors that Lacerda would come out in support of Adhemar de BARROS for Governor were probably caused by his known irritation with the mild line of present Governor CARVALHO PINTO. But even if the Guanabara Governor favors Adhemar, he surely knows that it would be foolish of him to say so. (LIMITED OFFICIAL USE)

2. Brizola Plans Ask Ambassador's Expulsion

Estado de São Paulo quotes Rio Grande do Sul Governor Leonel BRIZOLA as planning to ask for the expulsion of Ambassador Gordon and the withdrawal from Washington of Brazilian Ambassador Roberto de CAMPOS. The request was presumably to be made during Brizola's campaign for election as Federal Deputy from Guanabara. Brizola reportedly added, during his brief press interview in a São Paulo airport, that the American Embassy should be "dissolved." Speaking of dissolving, he believed in applying the same treatment to the Brazilian Congress.

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Jânio Quadros (acting through Castro NEVES) reportedly asked for a talk with Brizola, who promised to oblige with "immense pleasure." (UNCLASSIFIED)

Comment: Estado is anti-Brizola but usually accurate. Its story is presumably based on fact.

A Quadros/Brizola alliance would be bad news. Negotiations for it have been rumored for a long time but do not yet seem to have come to anything. The ego of both principals must be an obstacle. (LIMITED OFFICIAL USE)

3. The Decision is with the "Undecideds"

A radio/TV network which ran accurate polls in previous elections finds José Bonifácio ahead of Adhemar and Jânio for the the Governorship. The results (not yet complete) do show Adhemar winning in some small cities and Jânio slightly ahead in the city of Sao Paulo; however. In almost all places polled, the number of "undecideds" was very high. (LIMITED OFFICIAL USE)

Comment: Despite its reputation for integrity and the inconclusiveness with which it favored José Bonifácio, the poll must be suspected of bias. The State government has plenty of money and pressure to back its known determination to influence all polls. If José Bonifácio ever really does pull ahead, it will probably be only in the last days before the October 7 elections. The reporting officer has recently heard him referred to as "the candidate of Carvalho Pinto" by small town people who did not seem to know his name.

The significant part of the poll is the number of "undecideds" it found. The election is in their hands; Some of them may already be decided on Jânio or Adhemar and too ashamed or worried for their jobs to admit it. (LIMITED OFFICIAL USE)

4. Communist Candidates Blocked

In a decision subject to appeal, the Regional Electoral Court has blocked the Federal Deputy candidacies of three alleged Communists: Rio Branco PARANHOS, Salvador Romano LOSSACO, and Geraldo Rodrigues dos SANTOS. The decision is based on a 1955 Federal law repeated in the Supreme Electoral Court's 1962 instructions: "Registry will be denied to any candidate who, publicly or ostensibly, is a member or follower of . . . (the illegal Communist Party)." The political police furnished the court with evidence that the above three men were Communist candidates, though running with PTB labels. The Regional Electoral Court is also considering action against Communist State Deputy candidates. (UNCLASSIFIED)

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Comment: There is no evident legal reason why the Court cannot make the decision stick, but it may come under heavy political pressure to reverse itself. The Communists are in a position to make demands of the President and perhaps even of Governor Carvalho Pinto (through PTB leader Ivette VARGAS). The Court is strengthened by its scrupulous correctness: the men whose registries have been denied are indeed Communists or close sympathizers, and the police should be able to prove it. The Court measure appears so logical that one wonders why it was not tried before. The Communists will be hurt if it sticks, especially since they have this year confined their support to a few disciplined candidates rather than spreading themselves thin as in other recent elections. (OFFICIAL USE ONLY)

5. All Candidates Registered

All candidates to elective office had to register with the Regional Electoral Court (Tribunal Regional Eleitoral) by August 28. Full details on those who registered are still not available, but the Court reports that 307 for Federal Deputy and 998 for State Deputy made it under the wire. While these numbers are still immense--especially considering that each voter must pick his candidate out of the entire list--they are significantly less than the 767 and 1,495 maximums (each of the 13 legal parties is entitled to a candidate to each of the 59 Federal and 115 State seats). No single party nor coalition of parties presented a full slate. From the partial information which the Court has given the Consulate General, it appears that some of the smaller parties presented notably weak slates, increasing the possibility that some of them will disappear entirely from the São Paulo ballot before many more elections. The big-party tendency toward fewer and stronger candidates is especially noticeable because of the new official ballot legislation, which theoretically makes it cheaper and easier to run. One or two smaller parties have perpetuated the practice of filling their slates with figures of strictly parochial appeal, counting on the total vote to win a seat for the man at the top of the list (electoral laws make this possible and thus encourage fractionalization). There were other novelties:

A few Republican Party (PR) candidates had not been nominated by full convention and were thus turned down by the Court. Among them was Otávio MARIA, an unsavory character who controls Goulart's mouthpiece Correio Paulistano and the São Paulo Jangalista ("Jango" Goulart) "Electoral Front." His attempt to register on any slate but the PTB illustrates Goulart's rivalry with São Paulo PTB leader Ivette Vargas. The result of the feud and of Maria's failure to register can only hurt both Goulart and the PTB. The Court will probably be under pressure to reverse its decision.

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The Christian Democrats (PDC) formed a joint slate with the UDN and FRT--also members of the administration alliance-- for the Federal Chamber race, but for the State Legislative Assembly they tried to make a coalition with the intergralist (fascist) PRP. The Electoral Court refused to accept the slate, but only at the request of the national directorate of the PRP: a sad commentary on the Christian Democratic Party.

The Regional Electoral Court is trying to keep the known Communists from running as PTB candidates (see Item 4).
(LIMITED OFFICIAL USE)

6. Bevilaqua to Command Second Army

The press reports that General Pery BEVILAQUA has been named interim Commander of the Second Army, based in São Paulo. He has not yet taken command. (UNCLASSIFIED)

Comment: Another pro-Goulart General in an important spot. The Commander of the Second Army is the top man in the São Paulo military hierarchy. The interim nature of the appointment presumably means that General Nelson de MELO would like the job back when his stint as War Minister ends. (OFFICIAL USE ONLY)

7. "Third Force" Labor Group in Offing

At meetings in São Paulo on August 27 and 31, a group of non-Communist Paulista labor leaders discussed the formation of a "third force" comprising union leaders rejecting both the Democratic Union Movement (Movimento Sindical Democrático--MSD) and the Communist-controlled Inter-union Unity Pact (Pacto de Unidade Intersindical--PUI). Principal advocates of a "Third Force" are LUIZ MENOSSI and Domingos ALVARES, respectively Presidents of the São Paulo State Federations of Construction Workers and Metal Workers. They are attempting to enlist the support of the State Federations of Glass Workers, Communications Workers, Public Utility Workers, Paper Workers, Land Transport Workers, and Hotel Workers. In addition they are reportedly hoping to win over arch-opportunist Dante PELLACANI, Acting President of the National Confederation of Industrial Workers (CNTI), who has recently been collaborating very closely with the Communists. The "third force" leaders criticize both the MSD and the PUI for being primarily politically-oriented movements unresponsive to the workers' real interests. (Most MSD leaders actively support José Bonifácio Nogueira for governor.) As opposed to the extreme leftist PUI and the "rightist" MSD, the "third force" would presumably represent the "center" in the labor spectrum. MSD leaders are obviously disturbed by the prospect of a new labor group. MSD President Antonio Pereira MAGALDI was quoted by O Estado de São Paulo as saying that a "third force" "had no logical basis" and "would undoubtedly weaken the forces which today defend the workers' legitimate interests and the implantation of authentic unionism."
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Comment: The high-minded apolitical pose of the "third force" advocates in reality masks a preference for gubernatorial candidate Jânio Quadros and a belief (probably accurate) that workers in most of the categories mentioned above prefer JQ to JB. Besides the political campaign differences and personal rivalries, the motivation for a new labor group lies in growing discontent among the "third force's" intended converts (most of whom are either MSD dissidents or have cooperated with the MSD in the past) with Magaldi's highly personalized and often tactless leadership and with what they consider MSD tactical blunders resulting in its growing identification as a "bosses' tool." Should a "third force" solidify, it might overshadow the MSD on the local scene. The danger is that unless the emergent group and the MSD achieve effective coordination, the Communists could very well eclipse both of them. Some union leaders being wooed by the "third forciers" have pointed to what might perhaps be the best alternative: a revamping of the MSD. (LIMITED OFFICIAL USE)

PSYCHOLOGICAL

1. Local Press Reaction

The press of São Paulo was pessimistic about improvement in the present political situation in Brazil, predicting further deterioration. Grave doubt was expressed about the Chamber of Deputies being able to muster a quorum in mid-September, to vote on the plebiscite question. When ex-presidential candidate Field Marshal Teixeira LOTT spoke out in favor of plebiscite, prestigious O Estado de S. Paulo called him an "interpreter of anti-democratic designs." Guanabara Governor Carlos Lacerda warned of an administration-sponsored coup against Congress, and O Estado applauded.

Commenting on a New York Herald Tribune editorial about possible Congressional restrictions to Alliance for Progress funds for Brazil, several papers emphasized the country's need for Alliance aid. Only the Communists and their few sympathizers would desire a cut in Alliance funds, said they.

Editorialists continued to warn their readers about the Communist menace in Brazil, touching on: the drive to legalize the Party, infiltration of student organizations, questionable finances of the National Students Union, and visits to Moscow by Brazilian clergymen. Diário de São Paulo praised the organizing of an anti-Communist campaign in the country, but warned against the danger of "McCarthyism."

Cuba received considerable editorial space. Several papers commented on the reported presence of Soviet troops on the island: "Soviet invasion. . ." "Hungary of the Americas. . ." "tragic island." O Estado suggested that the Rio Treaty must needs be invoked as soon as presence of the troops is verified. Leftist/nationalist Última Hora said the U. S. was the

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originator of the gunboat attack on Havana. Most papers agreed that Cuba should not be allowed to enter the Latin American Free Trade Association; her purpose is to sabotage the effort.

The most recent U.S.-United Kingdom disarmament proposals were given a clean bill of health: "honest, workable, a diplomatic trump card." (UNCLASSIFIED)



Daniel M. Braddock
Minister Consul General

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RIO 547

FROM: Rio de Janeiro

TO: Secretary of State

NO: 547, September 6, 5 P.M.

Acting Minister of Finance, Miguel Calmon told Korp following September 5:

1. Moreira Salles resigned in accordance original understanding between Goulart, Calmon and Moreira Salles that latter would resign at convenient time when Calmon "broken in" in Ministry. However, timing decided by President and Moreira Salles upon latter's return without prior consultation with Calmon, which part of original agreement. Calmon minimized policy differences between Goulart and Moreira Salles, although admitted had not attended conversations President and Moreira Salles and that, in some respects, delegation of powers request made by Cabinet differed from Moreira Salles position (i.e. request for petroleum import monopoly).

2. As far as Calmon concerned, he ready assume duties of Minister, if named, his understanding is will be so named, although did not exclude Goulart could have other plans. there will be complete continuity between his policies and those of Moreira Salles. Most personnel will continue, including Bulhões in SUMOC and Proença will probably be named director of Bank of Brazil's Exchange Department.

3. Moreira Salles will continue handle financial negotiations abroad in capacity Special Ambassador, keeping, for moment, title as Governor IMF and IBRD. Will attend September IMF-IBRD meetings this capacity.

4. On external problems, Calmon still familiarizing himself with details exchange situation. Has impression commercial

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arrears manageable if oil companies agree increase regular 120-day payment terms to 180 days. After certain remaining technical problems with Italy and France resolved, may still wish draw \$25 million European credit even though repayable December 31 (this additional, although transitory factor in Brazilian plans cover balance of payments deficit next four months, reported Embassy's A-280, September 5)

5. Calmon working on plans contain budget deficit and internal monetary expansion. Does not expect complete plans, or implement, until after elections. Cannot get delegation powers for tax increase, but hopes get powers for revamping budgetary procedures. After elections, has in mind introducing simplified bill for congressional approval before end of year constitutional deadline, permitting some increase tax rates and change corporate income tax schedule to favor earnings reinvestment. After elections hopes move rapidly on administrative measures such as raising railroad fares (suburban to CR \$10) and raising "petroleum dollar" to level of exchange rate, greatly increasing revenue of petroleum tax. (Embassy agram in process on latest SUMOC estimates of budget and credit situation September-December.) Will present package of coordinated proposals, including increase minimum wage.

6. Calmon's plans for 1963 envision drafting complete balance sheets public sector (including breakdown current and capital expenditures), monetary sector and balance of payments, which, when ready, hopes discuss with US authorities seeking assistance for projects in budget, i.e., roads. Said presentation would not be ready for Fund and Bank meetings and could only be presented in post-election period. Will not ask for US help until "house in better order" and has logical program.

7. While having in mind tax increase (paragraph 5) Calmon believes most promising way increase budgetary revenues is improved collections, in face probably 500 per cent or more evasion or avoidance. Feels not possible in near future get Congress approve adequate penalty provisions so that burden improved collections falls on better procedures inspection, evaluation and controls. This regard, will wish discuss with US for technical assistance this field, including mechanization, involving

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-3- 547, September 6, 5 P.M., from Rio de Janeiro

both expansion training BOB officials in US (along lines current three-man program) and visits appropriate US experts to Brazil. 832.10

8. On profit remittance legislation, Calmon said had assurances Chamber President Mazilli, UDN and PSD the new Senate bill (Embassy's A-237) will be approved during Chamber's September 10-15 session. Mazilli has promised "urgency" for this item on Chamber's calendar. Goulart has assured Calmon PTB deputies will be "absent" when Chamber votes on bill.

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TO: Secretary of State

NO: 554, September 6, 2 p.m. (SECTION ONE OF TWO)

PRIORITY

FOLLOWING FROM BRASILIA

1. One month from election day and on eve of Chamber of Deputies upcoming concentrated work session (September 10-15) which has been called for specific purpose of providing for plebiscite early next year on parliamentary system (Embassy telegram 22) atmosphere in Brazil is approaching boiling point. President's drive for full powers and his party's drive for control of Congress (or at least heavily increased representation) are the governing factors and in both instances it is hard to predict to what lengths they will go for those objectives.

2. Some of President's supporters are attempting to convince opposition there are no limits, and moderate and rightist press is so treating recent violent and subversive pronouncements by Governor Brizzola and milder pro-plebiscite statements by military leaders. Doubt in congressional and other circles about President's intentions has inspired defiant statements from plebiscite opponents which raise questions whether Congress will give President his plebiscite in accordance with agreement reached August 17. Rumors show rightist and leftist golpista intentions have brought in their wake sharp, provocative speech by Governor Lacerda singling out Communist agitators near President and alleging administration golpista intentions and increasingly violent statements from Goulart-San Tiago Dantas-Brizzola camp (not from President himself) however whose posture continues strongly nationalistic but opposed to both extremes) the burden of which are that "economic power" some of it financed from abroad (see A-243) is seeking to pervert will of people by electing reactionaries and entrepustas to Congress.

3. It is difficult
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2- 554, September 6, 2 p.m., from Rio de Janeiro (SECTION 1 of 2)

3. It is difficult always to distinguish between administration moves on plebiscite or election fronts since some (like Brizzola speech) doubtless have both objectives in mind. Nonetheless, it can be anticipated that between now and October 17 atmosphere in Brazil will become increasingly charged and violent as PTB seeks drive home its appeal to urban labor at expense of "privileged, reactionary classes." PTB is apparently seeking sharpest political polarization possible as best means increase its representation in Congress.

4. Plebiscite issue still seems to be occupying attention President and Prime Minister to virtual exclusion any other problem. Obviously preparing ground for final push, President's supporters are stepping up war of nerves as September 10 approaches and it becomes increasingly apparent Congress will not follow through on agreements without considerable urging. Although presence quorum now seems probable Goulart will have to use many in his bag of tricks to get Congress to roll over and he gives signs of willingness to use most of them. Much of noise of recent days is actually more froth than substance intended to build up enough tension to force adequate attendance in Congress for plebiscite vote.

5. Nevertheless, next week could well produce crisis far more serious than those of July and August as reported Embassy airgram A-244, should Congress fail produce plebiscite according to agreement. Goulart might force Cabinet's resignation which could bring on the much feared crisis requiring presence of deputies in Congress at time when absence from campaigning would be almost intolerable. This is Goulart's trump card, but one which he would use only as last resort since he knows if carried far enough could have effects he may not be able to control.

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PRIORITY

FOLLOWING FROM BRASILIA

6. Cabinet fall would doubtless be accompanied by attempts at general strike and other disorders directed by President's leftist labor supporters. However, Communist objectives only partially parallel Goulart's and he may find far left wary of moves which could lead to extra-legal regimes not under their control and divert disorders for own purposes.

7. There is good reason to believe that substantial group in armed forces continue concerned about political instability revolving about system of government and failure solve pressing economic problems and believe some form presidentialism necessary solve them. Otherwise they fear continued disorders of political and social origin which could get out of hand. Armed forces in event Cabinet fall and extended crisis, may well decide must take more direct hand in affairs of nation which might well mean closing out present Congress if it fails to solve political crisis, hold elections on schedule or after brief postponement, probably retaining Goulart in presidency with wider powers but under military tutelage. On other hand, armed forces not clearly cohesive unit and Goulart has been working strenuously to increase his military backing.

8. Whatever form military drive might take (if it goes to this extreme) public reaction almost certain to be protest against another military intervention on Argentina or Peru models. Goulart's political adventures, his ignorance of and almost criminal neglect of country's real problems, are not generally understood by

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understood by mass of public. The image he is attempting give people is that of truly Brazilian, anti-extremist successor to Vargas, only man who really cared for and did something for the under-privileged. He is having some success implanting this image despite efforts of opposition and his perhaps only really effective opponent Carlos Lacerda whose feeling speeches, however, impress the elite more than masses. He has also been scrupulously careful to speak, and ostensibly to act, within the law.

9. There is no real evidence yet available Goulart is seeking a coup although he may indeed be willing see situation drift into partial military takeover if he cannot bring down parliamentary system any other way. He cannot, on other hand, be unaware intentions extreme right military whose potential, however, probably less today than some months ago. With General Bevilacqua now in temporary command Second Army, he probably has about as favorable disposition friendly elements as he can get in army (with exception of Minister himself) without rebellion in the command. He will, therefore, have even stronger support than before for plebiscite. On other hand despite his efforts to impress public with his friendly relations with high command and non-coms present visible support for illegal moves, even should he harbor such aspirations, is minimal.

10. Without discounting foregoing possibilities Embassy Brasilia continues to believe most likely outcome crisis will be eventual fulfillment August 17 compromise agreement since executive and legislature are far too aware of contingencies raised above knowingly to permit matters to deteriorate to point of requiring extreme solution.

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No. 20, Sept. 6, 1962
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I. General

Santa Catarina's population showed an increase of 38% from 1950-1960. The present population is about 2,150,000. This rate of growth is in part due to an influx of farmers from Rio Grande do Sul, who find they can no longer expand their holdings there. Santa Catarina is one of Brazil's largest producers of corn, wheat, pears and apples as well as coal and pine. The foundation of what could become an important industrial complex exists in the Itajaí Valley area.

The State lacks, among other things, the finances to provide sufficient electric-power and roads, each of which are urgently needed to permit economic development to the fullest extent possible.

The political control in Santa Catarina is mainly held by the National Democratic Union Party (UDN) and the Social Democratic Party (PSD), each of which has about equal strength. The Brazilian Labor Party (PTB) runs a poor third, as far as numerical strength is concerned. Its importance and strength is due however to the fact that its vote is often decisive. In the present state legislature the representation is as follows: UDN -15; PSD -15; PTB -6; PDC -2; MTR -2; PRP -1. Since the MTR and the PRP have been supporting the PSD, the significant role of the PTB becomes more apparent.

The political parties have as yet not been able to arouse much interest in the coming election and the State Convention of the political parties only established their slates of candidates just before the deadline of August 27.

The October 7 elections will be for two Federal Senators, fourteen Federal Deputies, forty-one State Deputies and five Mayors.

II. Political Leaders

Governor Celso Ramos (PSD). As Governor and as the leader of his party, he wields great political power in the state. However, he finds that in order to carry out his program, he is forced to seek support from parties other than his own. He is reported to have "bought" the votes of the PTB, PSP and PRP deputies. The Governor has shown great interest in especially developing the agricultural sector of the economy since he claims that Santa Catarina and the other two southern states could easily supply all of Brazil's agricultural needs.

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He was born in Lajes, Santa Catarina on Dec. 18, 1898. He is married to Edite da Gama Ramos, and has six children, one of whom is State Secretary of Public Works. He studied at the School of Mines of Ouro Preto, Minas Gerais, but did not complete the course.

Vocations: As a young man, he raised cattle near Lajes. He later went into the meat packing business in Rio do Sul, Santa Catarina; followed by the lumbering and wood export business in Florianopolis (Companhia Florestal Brasileira) and became president of the company. He was also Director-President of C. Ramos, S/A, Comercio e Agencias, a commission sales agency headquartered in Florianopolis. He was a close friend of Henrique Lage, and through this association, became agent of the Companhia Nacional de Navegacao Costeira in Florianopolis.

Labor and Social Welfare Activities: He founded the Sindicato da Industria de Extracao de Madeira of Santa Catarina, and was president of the union. He founded the Santa Catarina Federation of Industries in July, 1950, and has been its president ever since. He organized the Servico Social da Industria, an owners' organization dedicated to the workers' welfare in 1952. He helped create the Servico Nacional de Aprendizagem Industrial (SENAI), an owners' organization to teach industrial trades to apprentices, in 1954, and as of late December 1960, was President of its Governing Council. He helped organize the Fundacao Vidal Ramos, another social welfare organization, in 1958. In 1959 he helped found the college-level social service school, Faculdade de Servico Social de Santa Catarina. He is a member of the Council of Representatives of the National Confederation of Industries (CNI), and attended the 1958 General Assembly of the International Labor Organization at Geneva, Switzerland as a delegate of the CNI and of the Brazilian Government.

Political Activities: He took part on the winning side of the 1930 revolution. He helped elect his brother, Nereu Ramos, Governor of Santa Catarina in 1935. With his brother and others, he formed the Santa Catarina PSD in 1945 and was vice-president of the State PSD until 1958. Since then he has been president of the State party.

He ran for Senator against Irineu Bornhausen in 1958, but lost by 24,000 votes. He ran for Governor against Bornhausen in 1960 and won by 20,000 votes.

The Governor is classified as a conservative.

Senator Irineu Bornhausen is the leader of the UDN. His leadership is presently being challenged by former Governor /Heriberto

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Heriberto Hulse, who heads a wing of the UDN.

He was born about 1902 in Itajai, Santa Catarina. His wife is a member of the prominent and wealthy Kondor family of northeastern Santa Catarina and they have 3 or 4 children.

He had very little formal education, having only completed high school.

Business and Political Activities: He is a very intelligent and successful businessman who became quite wealthy with his banking and commercial enterprises before entering politics in 1948. He was President of the Banco Industrial e Comercial (INCO) in 1960. He was elected Governor of Santa Catarina (UDN) in 1950 and is reported to have run an efficient and honest administration. He was elected Senator from Santa Catarina after his term as Governor ended in 1955.

Personal characteristics: He is a well read individual with sophisticated tastes in food, clothing, entertainment, art, etc. He enjoys urban life and entertainment and prefers it to the rustic forms of life. He is well traveled - both in Europe and the United States. He speaks German. He admires the United States and is very friendly toward Americans.

He is a conservative.

Deputy Armindo Marcilio Doutel de Andrade is considered to be the leader of the state PTB. He is said to enjoy the full confidence and support of President Goulart which stands him in good stead in his political career, especially since President Goulart enjoys great prestige in Santa Catarina. Andrade's leadership was recently challenged when his position against a motion to prohibit the selection of PTB candidates who represent either the extreme left or right was crushingly overruled by the PTB state convention.

He is in his mid-thirties and was born in Vila Isabel, Guanabara. He is single.

Education: He received his secondary education in Guanabara (then the Federal District), where he also obtained an Army Reserve commission as Lieutenant. He later received a law degree in Sao Paulo.

Military Service: He served four years in Sao Paulo during World War II.

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Business and Political Activities: He turned to journalism in Sao Paulo after his military service. He then went to Rio where he joined the Diarios Associados (Assis Chateaubriand chain). He also joined the legal staff of the Bank of Brazil. He entered politics after the suicide of Vargas in 1954 and became Secretary-General of the Brazilian Labor Party (PTB). He was invited to collaborate with the Santa Catarina PTB which was weak, so he ran on its ticket for Federal Deputy in 1958 and was elected as that party's sole elected candidate, receiving 28,000 votes.

He is classified as a leftist ultra-nationalist.

III. Political Parties.

The tempo of electioneering has picked up somewhat since mid-August but there is still little evidence of any great interest in the October elections. The selection of candidates for State and Federal offices by the political parties was completed just before the deadline of August 27.

A. The Social Democratic Party (PSD) is now in power in Santa Catarina. It has about equal numerical strength with the UDN, about 150,000 votes, and its strength is found in the Itajaí Valley. The party program is similar to that of the National PSD. At the present time, the PSD has 5 Federal Deputies and 15 State Deputies. The PSD Federal Senator died recently and the party has high hopes of electing a replacement. The PSD shares the representation of conservative elements with the UDN.

Current reports indicate that the PSD should elect one Federal Senator, 6 or 7 Federal Deputies and 15-16 State Deputies.

B. The Democratic Union Party (UDN) has about equal electoral strength with the PSD. The party has the same platform as the national party and is mainly supported by conservative elements, living in the northern part of the state. The UDN at the present time has one Federal Senator, four Federal Deputies and 15 State Deputies.

It is anticipated that the UDN will elect one Federal Senator, 6 or 7 Federal Deputies 15-16 State Deputies.

C. The Brazilian Labor Party (PTB) is rated a poor third in electoral strength, having only about 90,000 votes. Its main role in Santa Catarina is to throw its support to either the PSD or UDN, and thus give the chosen party a clear majority. It is reported that the PTB has in this way obtained

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present state government the Vice Governor is a member of the PTB, a situation which does not please the Governor. The PTB strength is mainly in the mining areas and in the ports. The PTB now has one Federal Senator who is running for re-election as a PST, one Federal Deputy and six State Deputies.

The PTB State Convention on July 7 showed that the vast majority (65-5) favored a motion to prohibit the acceptance of candidates from the extreme left or from the extreme right. Doutel de Andrade unsuccessfully led the opposition to prevent a vote on the motion. The result of this split has been a reported sentiment that the PTB would enjoy a rapid increase in membership if Doutel de Andrade could be removed. Because of President Goulart's great prestige in Santa Catarina, which is greater than the PTB's, the local party is reluctant to take any action against Andrade.

It is anticipated that the PTB will elect 1-2 Federal Deputies and no Federal Senator.

D. The smaller political parties - PDC, PSP, PRP and MTR, have little significant strength, but by forming a coalition, they may elect 3 or 4 State Deputies. There is evidence to the effect that the MTR Federal Deputy has switched to the UDN and is running for re-election under that party and that the Secretary of Interior and Justice of Santa Catarina although a member of the PRP is running for Federal Deputy under the PSD. Recently two UDN State Deputies switched to the MTR and one PSP became a UDN. Political allegiance to any particular party is in many cases mere political expediency and thus it is difficult to assess the success of a small party since its candidate can change his party at any time before and after the election.

Only the MTR has a Federal Deputy and he is running for re-election as a PSD.

IV. Classification of Candidates

A. The Federal Senators

1. Incumbent Running for Re-election.

Saulo Ramos is single and a physician. He was elected Senator under the PTB banner but is running for re-election as a PST. In 1945, he was with the UDN and he caused a split in the PTB. He is not given much chance to win. He is considered to be a conservative.

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2. New Candidates

The following are described in the order of their present popularity:

Antonio Carlos Kunder Reis - UDN candidate was born Dec. 16, 1924 in Itajai, Santa Catarina. He was educated in the Law Faculty at the PUC of Rio de Janeiro (Catholic U. of Rio) with courses in economics and General Arts (Museologia).

Career: He was a militant councilman, also a state deputy in Santa Catarina in the legislatures of 1947-1951 and 1951-1954. He was chief of Cabinet in the Agriculture Ministry in 1952-1954; and Federal Deputy for Santa Catarina for the 1954-1958 and 1959-1963 terms. He was chief of the Research for Forest Preservation Division of the National Institute of Pine in 1951; was Secretary of the State of Santa Catarina in 1957.

He is a member of the Order of Lawyers. He holds a gold medal of the Financial Sciences.

He has a good chance to win and has heavy support among the Catholic priests. He is a conservative.

Attilio Francisco Xavier Fontana - PSD candidate is reportedly worth about 3 billion cruzeiros. He was formerly a Federal Deputy and is the owner of meatpacking plants in Concordia, Joacaba, Chapaco; he is the owner also of seven or eight sawmills, three cargo ships, and the Sadia Airline. In addition, he owns vast areas of land on which he produces wheat, and operates an extensive chain of grain storage elevators. He commands great prestige throughout Santa Catarina and is a man of considerable administrative ability. He had to resign as Santa Catarina Secretary of Agriculture to run for office. He can be classified as a conservative.

Armando Marcilio Doutel de Andrade - PTB candidate. His biographic data is given under section II Political Leaders.

He is also running as PTB candidate for re-election as Federal Deputy.

He is given little chance to be elected Federal Senator because of the campaign being made against him and because he has very little following in Florianopolis.

He is a leftist ultra-nationalist.

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Martinho Callado Junior - PDC candidate. He is a married journalist on the Florianopolis "Gazeta". He reportedly commands some 15,000 votes. He has little chance of success.

He is a centrist.

B. The Federal Deputies.

1. Incumbents Running for Re-Election
(by party and by present assessment of having a good chance to win)

PSD (should elect 6 or 7)

Joaquim Fiuza Ramos is married and is a lawyer. He is a brother of Governor Celso Ramos and is extremely wealthy. His official residence is in Lages, Santa Catarina. His wealth is principally derived from the union of two wealthy Santa Catarina families, the Ramos family and the Carl Hoepcke family. The latter family conducts extensive business activities throughout southern Brazil. Ramos is the president of the Hoepcke firm. Normally, during the election campaign, employees of the Hoepcke firm travel into all the rural areas, visiting the small farmers, selling them farming equipment, veterinarian supplies, seeds, etc., and making it a point to grant them special prices and financing, at the same time asking for their votes. This approach has proved effective time and time again. He will probably be re-elected. He is a conservative.

Lenoir Vargas Ferreira was born on May 13, 1919 in Tupancireta, Rio Grande do Sul.

Education: He has his Bachelor's degree in Law and Letters, University of Porto Alegre.

Professional and Political activities: He is an effective member of the Comissao de Educacao e Cultura. He was an Alderman of Chapeco (Santa Catarina) from 1947-1951. He was a State Congressman from 1951 to 1958. He was elected Federal Deputy in 1958, and has been a journalist from 1939-1945.

He is married to Ruth Barbedo Ferreira and has two children.

He has been a lawyer in Chapeco from 1945-1947.

He is a conservative.

Osmar Cunha was born on October 19, 1918, in Florianopolis, Santa Catarina. He is married to Susely Pereira Cunha and has four children. He was educated at the college level, and is a lawyer and an economist.

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Political activities: He was an Alderman in the Florianopolis Municipal Council and was Mayor of Florianopolis. He became Federal Deputy in 1958.

He has the following honorary titles: Honorary President of the Brazilian Association of Municipalities; and medals from the cities of Madrid, Paris, San Diego, Puerto Rico.

He is a member of the Interamerican Organization of Municipalities and the Inter-national Institute of Administrative Sciences.

He has written several works: Rural Promissory Note (sic); The Latin American Financial Block and the Area of the Cruzeiro; The Rights of the Brazilian Municipal Movement.

He leads the opposition to the Ramos faction in the PSD and enjoys considerable prestige throughout the state therefrom.

He is a centrist.

UDN (Should elect 6 or 7)

Aroldo Carneiro de Carvalho was born on June 11, 1922, in Canoinhas, Santa Catarina. He is married to Divair Zeniolo de Carvalho, and has six children. He is a lawyer and was educated at the University of Parana Law School.

Political activities: He was a State Deputy from 1947-1951, and was Secretary of Public Works and Transportation for Santa Catarina from 1954-1958. He was elected Federal Deputy in 1958. He belongs to the Nationalist faction in the Chamber of Deputies.

He owns a newspaper and a radio station and has asked for USIS programs for his station.

He is a centrist.

Lauro Carneiro de Loyola was born on Jan. 14, 1907, in Paranaguá, Parana. He is married to Regina Douat Loyola and has seven children. He was educated through secondary school. He is an industrialist, businessman and accountant.

He is a centrist.

Wilmar Orlando Dias is married and is a lawyer living in Florianopolis. He has been to the United States on a grant or scholarship a number of years ago in regard to making a study of the feasibility of developing a TVA-type project for the Itajaí Valley.

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He had run several times for Deputy but had lost. Elected in 1958 as a Suplente under the PSD banner. He is a member of the Progressive Socialist Party (PSF) and is now running for re-election on the UDN slate.

He is considered to be politically unreliable since he shows no evidence of firm allegiance to any particular party.

He is a centrist.

Elias Adalme was last elected as a MTR candidate. He has run as a member of almost every party so far and is now on the UDN ticket. His electoral strength is in the labor unions and among the poor people. He is considered to be a demagogue.

He has been accused of being pro-communist. He introduced legislation to abolish Syndical Tax Commission (CIS) of Labor Ministry.

He is a non-communist radical reformer.

PTB - (Should elect 1 or 2)

Armando Marcilio Doutel de Andrade. His biographic data is to be found in Section II - Political Leaders.

2. New Candidates (By party and by present assessment of having a good chance of being elected.)

PSD

Osni de Mediros Régis is a married lawyer living in Florianopolis. He is also a professor at the University of Santa Catarina. He was mayor of Lajes and was twice elected State Deputy. He served under Governor Celso Ramos as Secretary of Interior and Justice and in the cabinet of the Secretariat of Education and Culture.

He is a conservative.

Antonio Gomes de Almeida is a married lawyer living in Florianopolis. He is a leader in the present state government and has been elected three times as State Deputy.

He is a centrist.

Orlando Bertoli is a married lawyer living in Rio do Sul. He is at present a State Deputy and a priest is running his campaign.

He is a centrist.

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/Jade

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Jade Saturnino Vieira Magalhães is a married lawyer living in Caçador. He is a member of the PRP and was Secretary of Interior and Justice of Santa Catarina until he resigned to run for office. He was made secretary as a payoff for his party's support of Governor Celso Ramos. He is a firm advocate of the rightest policies of Federal Deputy Plinio Salgado.

He is a rightest extremist.

Others on the PSD slate who have little or no chance of election are:

Martin Herminio Quintilhan, a married businessman living in Joaçaba, West Santa Catarina. He is a member of the PL. He is a centrist.

Pedro Zimmermann is a married industrialist living in Blumenau. He is a conservative.

UDN

Laerte Ramos Vieira is a married lawyer living in Florianopolis. Since 1954, he has twice been elected State Deputy from the Lajes area. During the administrations of Governors Jorge Lacerda and Heriberto Hulse, he was State Secretary of Interior and Justice and State Secretary of Treasury.

He is a centrist.

Albino Zeni is a married physician living in Rio do Sul. He has twice been elected State Deputy.

He is a centrist.

Romeu Sabastião Neves is a married lawyer living in Florianopolis. He has been a State Deputy since 1950.

He is a centrist.

Others who have been placed on the slate but who have little or no chance of election are:

Luiz Battistotti is a married industrialist living in Florianopolis. He is running for the first time. He is a centrist.

Mário Orestes Brusa is a married businessman living in Florianopolis. He has been in politics many years

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AmConsulate, CURITIBA

AND has been State Deputy since 1954. He was State Secretary of Agriculture in the administration of Governor Irineu Bornhausen. He is a candidate from the Chapeco area. He is a centrist.

Alvaro Catao is a married engineer living in Rio de Janeiro. He is running for the first time. He owns most of the coal mines in South Santa Catarina. He is a centrist.

Domicio Freitas is married and owns several mines in South Santa Catarina. He is highly thought of by the miners. He is President of the Metropol Football Club and keeps his miners happy with football. He offers the main opposition to Doutel de Andrade. He is a centrist.

Osmar Dutra is a married lawyer living in Chapeco. Nothing else is known about him.

Ottolmy Strauch is a married lawyer living in Rio de Janeiro. Nothing else is known about him.

Roberto Mattar is a married lawyer living in Blumenau. Nothing else is known about him.

PTE

Paulo Macarini is a married 28-year-old lawyer living in Capinzal. He was State Secretary of Interior and Justice in the administration of Governor Celso Ramos. He is a centrist.

Fausto Lobo da Silva Brasil is a married physician living in Florianopolis. He has a very good reputation. He is a centrist.

Others on the slate with little or no chance of election are:

Beneval de Oliveira is a married government employee living in the State of Guanabara. Nothing else is known about him.

Luiz Benjamin Pereira is a married government employee living in Lajes. Nothing more is known about him.

Jose Smith Braz is a government employee living in the State of Guanabara. Nothing else is known about him.

/Newton

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AmConsulate CURITIBA

Newton Varella is a separated lawyer living in Tubarão. Nothing else is known about him.

Pedro Romeiro Filho is a married businessman living in Florianopolis. Nothing else is known about him.

Arthur W. Feldman
Arthur W. Feldman
American Consul

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DEPARTMENT OF STATE
AIRGRAM

732.00/9-662

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A-15
NO. CONFIDENTIAL

HANDLING INDICATOR

TO : DEPARTMENT OF STATE

022 SEP 15 11 5 18

FROM : AMCONSUL, Belo Horizonte
 SUBJECT : BRAZILIAN ELECTIONS 1962 - Supplemental Status Report No. 10
 for August 30-September 5, State of Minas Gerais.
 REF : Consulate's Despatch No. 37, June 28, 1962

DATE: September 6, 1962

Table of Contents

1. Contested Candidacies
2. The Federal Deputies

1. Contested Candidacies

The registration of five candidates for Federal deputy has been contested before the State Electoral Tribunal. Three of the contested candidacies were on the Labor Party (PTB) registration list, one on the Republican Party (PR) list, and the fifth one on the Social Progressive Party (PSP) list. The Electoral Tribunal has not yet passed on the charges. The contested candidates are accused of militant participation in Communist or pro-Communist activities.

Following is a descriptive list of the contested candidates:

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Couns.Cons.Affairs - Rio
 Political Section "
 Brasilia Office

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Directed by: *[Signature]*
 EAdaSilveira:kfk

Contents and Classification Approved by:

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From: Belo Horizonte

to that country;

2. Priest Francisco Lage, PTB (classified as a COMMUNIST or CRYPTO-COMMUNIST). He is charged with being a militant extreme leftist;
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Comment: The Consulate believes that few if any of the contested candidates will be thrown out. The fact that three of the candidates in question are incumbents whose leftist or Communist record has been well known for a long time underlines the difficulty of disqualifying a candidate.

2. The Federal Deputies

A. Incumbents

- 1) José Maurício de Andrade. PSD.
Lawyer and journalist. Comes from traditional family in southeastern Minas Gerais. Was elected deputy during Kubitschek's State Administration. Wealthy, Roman Catholic, anti-Communist. CENTRIST.
- 2) Celso Murta. PSD.
Born in Diamantina, Minas Gerais, the town where Kubitschek was born. Comes from a middle class family. Has engineering degree from University of Minas Gerais. Entered political life under the aegis of Kubitschek. Was head of Highway Department in Kubitschek's State Administration. Left that post to become a candidate for Federal deputy. Became wealthy as a result of his political activities. Roman Catholic; anti-Communist. CENTRIST.
- 3) Gustavo Capanema. PSD.
Born in Bocaiuva, western Minas Gerais. Was Secretary of the Interior and Education in the State Administration of Benedito Valadares, now senator from Minas Gerais. Subsequently, Capanema was elected Federal deputy on the PSD ticket. Was Minister of Education in the Getulio Vargas Government and president of the Minas Gerais State Caixa Economica

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- 5) Feliciano de Oliveira Perna. PR.
Lawyer. Born in Manhuaçu, Minas Gerais. Has been State deputy. Supported Governor Magalhães Pinto during gubernatorial campaign in 1960. Widely respected as a man of integrity. Wealthy, Roman Catholic, anti-Communist. CONSERVATIVE.

B. Possible Candidates

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Born in Campina Grande, western Minas Gerais. Has law degree from University of Minas Gerais. Has been State deputy on the PR ticket twice and was State Secretary of the Interior in the Bias Fortes Administration. He is a brother of UDN Federal deputy Elias de Sousa Carmo. Fairly well-to-do, Roman Catholic. CENTERIST.
- 4) Francisco Lage. PTB.
Roman Catholic priest. A Communist who will in all probability receive the Communist and leftist votes if he remains as a candidate. COMMUNIST or CRYPTO-COMMUNIST.

CORRECTION:

The Electoral Tribunal has now published the official list of candidates who applied for registration. The official number of candidates for Federal deputy is 130 instead of 132 as tentatively reported in the Consulate's A-14 of August 31, 1962. The changes by party are as follows: - Social Democratic Party - 38 instead of 40; National Democratic Union - 26 instead of 28; and Republican Party - 18 instead of 16.

Edmund A. da Silveira
Edmund A. da Silveira,
American Consul

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DEPARTMENT OF STATE
AIRGRAM

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A-288 CONFIDENTIAL PRIORITY
NO. HANDLING INDICATOR

TO : DEPARTMENT OF STATE DEPARTMENT OF STATE 1962 SEP 13 AM 11 26 *Qm*
BUREAU OF INTER-AMERICAN AFFAIRS SEP 14 1962
RM/AN ANALYSIS & DISTRIBUTION BRANCH

FROM : Amembassy RIO DE JANEIRO DATE: September 6, 1962

SUBJECT: Brazilian Election Highlights September 1-6

REF : *RM/R - Jui 9/17 - JWW*

As the September 7 deadline for partisan political propaganda (on radio and television) approached, Brazilian listeners were treated to a concentrated barrage of political high explosive by spellbinders such as Governors Carlos Lacerda and Leonel Brizzola. Accusations and counter accusations--many tied to the psychological warfare preparatory to next week's "concentrated effort" in Brasilia--scorched the airwaves and helped political thermometers register new highs. At the same time most candidates were devoting their talents and attentions to their on-again off-again campaigns while keeping a weather eye cocked for signs indicating that there might not be elections. In this respect, banks were reportedly adopting a more restrictive policy on credit for candidates seeking election to Congress. Many Brazilians looked forward to the long independence day weekend to provide the country with a needed breather--a day on which speeches would emphasize unity instead of sowing seeds of dissension.

The week of television addresses opened on August 31 with Guanabara Governor Carlos Lacerda taking the offensive in São Paulo against the "communist clique" surrounding the President and Prime Minister and denouncing its plans for a "white coup." Goulart and Brochado were pictured as "intellectually weak and politically immature" individuals who were mere useful innocents in the hands of the communist agitator. Lacerda's speech was repeated the next night in Rio de Janeiro and followed with an equally hard-hitting video-tape address to the people of Pernambuco concerning the communist affiliations of Miguel Arrais. On the evening of September 4, the pugnacious Guanabara Governor took to the airwaves again to refute recent statements by spokesmen of the left including Labor Minister Hermes Lima (who prior to his appointment

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Initiated by: R. Schneider and L. Cooley:cgm

Classified and Classification Approved by:

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Roch. Janeiro

In July had been the senatorial candidate of the PTB in Guanabara). Not only to miss a chance, Lacerda spoke again the following night with emphasis on international communism and scheduled yet another television speech for Thursday night--to get in the last word before the restrictions on partisan political propaganda went into effect. (As head of the Guanabara UDN, Lacerda will come under these restrictions, but through "non-political" addresses as Governor he will have an advantage over his rivals who are registered candidates and subject to closer check by the electoral authorities.) Elsewhere such Lacerda allies and centrist stalwarts as Juracy Magalhães, São Paulo Governor Carvalho Pinto, Pernambuco Governor Cid Sampaio, and Christian Democratic leader Marshal Juarez Távora echoed his sentiments or rang their own changes on the theme of "intransigent defense of free institutions."

For the forces of the far left the polemic was handled chiefly by Rio Grande do Sul Governor Leonel Brizzola, who blasted off his Guanabara Federal Deputy campaign with a series of nightly television appearances. A polished performer, Brizzola took as his subject on September 1 the theme of "perversion of the elections by abuses of economic power," long a favorite of his PTB teammate Eloi Dutra (see Airgram No. A-265 dated August 31, 1962). He also engaged in an attack upon the Congress--the very body he is campaigning to rejoin (as a spring board to the higher office and greater powers to which he obviously aspires). Two nights later the "Duce of the Pampas" (as conservative *O Globo* labeled him) returned to the video screen and sought to transfer the label of agitator and advocate of subversion onto the Guanabara Governor. On September 4, Brizzola took a more conciliatory task and stated that he had intended only to impress upon Congress the serious consequences of failing to fulfill their obligations at the coming "concentrated effort." The following night he again put forth over the Rio radio station which he controls his standard allegation concerning the "illegality of the parliamentary system." As the week drew toward its end Brizzola and the other leading leftist candidates in the old capital prepared for the "monster rally" on Thursday evening which would kick off the final round of the campaign.

The Communist Issue

Throughout all the sound and fury, one thing became increasingly evident--that as in 1958 the issue of communism was coming increasingly to the forefront as the campaign approached its terminal and critical stage. In São Paulo the Regional Electoral Tribunal ruled against the eligibility of Municipal Councilman Rio Branco Paranhos as candidate for Federal Deputy on the PTB ticket. In deciding that he was "notoriously communist," the Tribunal held that Paranhos' own language in pleading his case had proven his ideological orientation. Together with Deputy Salvador Lossaco (see Airgram No. 265 of August 31, 1962) he is appealing to the higher authorities in Brasília. Not at all concerned by this, the Tribunal also denied registration to 13 state deputy candidates--including three incumbents--Luciano Lepera, Miguel Jorge Nicolau, and Jose Rocha Mendes Filho. In Minas Gerais a total of 35 hopefuls, among them 13 PTB candidates for a variety of offices, have had their eligibility questioned on the same grounds by the Procurador Geral of Electoral Justice, and in Guanabara nearly all the key figures on the PTB slate have their registration held up while the Regional Electoral Tribunal decides if they fall under the Superior Electoral Tribunal ban on "candidates active in parties

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Rio de Janeiro

whose registry has been annulled"--i.e., the PCB. In Pernambuco noted sociologist Gilberto Freyre came out publicly against his "personal friend" Miguel Arrais, stating that he was only the "Little Red Ridinghood" while the Russian Bear was the wolf which would swallow first Pernambuco, and then Brazil. For their part the forces of the left attempted to deaden the impact of the communist issue by crying "McCarthyism" and throwing up smokescreens to make more difficult the task of ascertaining who are the preferred candidates of the PCB. For example, in Rio de Janeiro State, PTB gubernatorial candidate Badger Silveira declared himself an "anti-communist" and pointed out his rival for the leftist vote--mystic demagogue Tenorio Cavalcanti--as the "man who has the support of the Communists and with whom communism could take control of Rio State." For some observers this tune sounded a bit too much like a new arrangement of that sung by Brizzola in Rio Grande do Sul in 1958.

For the Ambassador:

Ronald M. Schneider
Ronald M. Schneider
Political Officer

APPROVED BY:

Niles W. Bond
Niles W. Bond
Deputy Chief of Mission

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DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
SEP 17 1962

HANDLING INDICATOR
1962 SEP 13 PM 3 18

RM/AN
ANALYSIS & DISTRIBUTION
BRANCH

TO : DEPARTMENT OF STATE

FROM : AMCONSUL, Belo Horizonte

SUBJECT : BRAZILIAN ELECTIONS 1962 - Supplemental Status Report No. 10 for August 30-September 5, State of Minas Gerais.

REF : Consulate's Despatch No. 37, June 28, 1962

DATE: September 6, 1962

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Political Section
Brasilia Office

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Drafted by: *EadeSilveiraakfk*

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Edmund A. da Silveira
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American Consul

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SEP 6 1962
RM/R
FILE

35

Subject: Current situation report on Brazil

Attached is a current situation report on Brazil which has been prepared by the Department. In view of the current nature of the current situation in Brazil, it is submitted for the information of the Director.

E. S. Little

William H. ...
...

Current situation report on Brazil.

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ARA-*[Signature]*

[Signature] dated 8/22/62

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CONFIDENTIAL
Current Situation Report

Brazil

Political

The acute crisis situation which arose in Brazil after the resignation of the Neves cabinet on June 28 appears to have abated for the moment. Congress is due for an intensive working session September 12-13, which may provide additional elements, but the main focus of the Brazilian political drama has shifted to the local hearings in anticipation of the October 7 congressional and state elections.

During the recent succession of cabinet crises, President Getulio without doubt substantially improved his position and that of his party. He was successful in forcing the moderate and conservative opposition who control the Chamber of Deputies to install a leftist Prime Minister and a cabinet of his choice. He did not at first get a commitment for a plebiscite on the question of abandoning the parliamentary system, his major immediate objective. However, by his early actions he set the stage for later pressure on the Congress through declarations of support by the new military ministers, the institution of radio/TV censorship of political speeches, a presentation of the Brochado da Rocha cabinet's program of government (principally a demand for sweeping emergency powers to legislate broad economic and social reforms by decree), and a meeting in Brasilia of the State Governors, the great majority of whom support presidentialism.

When Congressional opposition to Getulio strengthened, it appeared that a crisis, perhaps more serious than the June-July crisis, would develop should support of the request for emergency powers be made a question of confidence in the Cabinet. However, a compromise was worked out under which the leaders of the major parties are committed (1) to vote limited emergency powers to the next Congress prior to the October 7 election and (2) after the new Congress takes office January 31, to consider whether or not to retain the parliamentary system, the decision in any case being submitted to an early plebiscite. As a counter to the Cabinet demand for emergency powers, Congressional leaders are reportedly endeavoring to push pending reform legislation, and, despite the heightened activity of the election campaign, have scheduled an intensive working session for mid-September. Consideration is also being given to the Cabinet's request for emergency powers, although it is not likely that more than a few of the requested powers will be granted.

Ambassador Corbin reports that Getulio continues to appear obsessed with the question of the regime and its powers, with no real attention to the country's serious economic and social problems. He also appears to be more and more committed to a leftist course of action and to the dogmatic exploitation of nationalistic issues. In the recent political maneuvering

END

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01102

~~CONFIDENTIAL~~

-4-

rumors were rife that extremists on each side were planning to engineer a coup. Getulio's opponents have charged that he intends to set up a dictatorship under a "radicalist republic". One report is that he is considering dissolution of Congress if the election should go against him. However, the Getulio influence in the armed forces appears to be so far of limited depth in the chain of command, with no indication that the bulk of the military establishment is disposed to abandon its traditional role of upholding legality and the constitution.

Finance

Brazil's economic situation has continued to deteriorate with the collapse of the efforts toward stabilization undertaken by the Neves cabinet. Inflation is running at the rate of about 5 per cent a month. Primarily due to Bank of Brazil credit operations to cover the growing government budget deficit, currency issues has soared, with the increase for 1961 expected to reach a total of at least 100 billion cruzeiros (a 30 per cent increase). With the value of the cruzeiro continuing to depreciate, the Bank of Brazil recently raised its official rate from 195 to 415, while the "parallel" market rate slipped at one point to 600. In this situation new exchange regulations have been issued, in effect demanding attempts to pay the official exchange rate.

With the inflow of foreign capital virtually at a standstill, further capital flight can be expected as the consequence of the passage by the Brazilian Congress of a profits remittance law which includes two especially bad features: (1) a limitation on remittances of profits to 10 per cent annually, based on the registered capital; and (2) segregated registration of capital formed by reinvestment of profits in excess of 10 per cent, with such reinvestments excluded from the base for calculating future possible profit remittances. Although he possesses an item veto, it appears President Getulio will refuse to exercise it in connection with this legislation indicating he will instead support Congressional action to annul the worst provisions. The Senate has already acted but it remains to be seen whether the Chamber will reverse its stand.

ARA:EST/B:SM:Leon:ed 8/31/62

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01103

WITHDRAWAL NOTICE

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TAB #: 13

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AGRAM A-54

FR SAO PAULO

TO STATE

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INCOMING TELEGRAM

Department of State

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Action

Control: 5632

NUMBERED

ARA

Rec'd: September 8, 1962

11:42 a.m. 9 8 62

Info

FROM: Recife

SS

TO: Secretary of State

G

SP

NO: 136, September 7, 2 p.m.

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ACTION RIO DE JANEIRO PRIORITY 146; INFORMATION DEPARTMENT 136

Rumors of impending coup rife this area and one top ranking SUDENE official confidentially informed Consulate General officer yesterday they receiving reports which they consider reliable that Goulart plans stage coup and dissolve Congress within next few days. Also said Arraes and Emirio Moraes asked by President come Rio or Brasilia discuss situation which he did yesterday.

Ex-Vice Mayor Lima Cavalcanti in most unequivocal statement his heretofore fence-straddling political career yesterday spoke out strongly against any coup and/or dissolution Congress, saying he supported "democratic legality". This same phraseology used by student group which yesterday announced formation "committee democratic legality" against "pro-Communist coup" on part Brizola, Brochado and Goulart. Lima's statement also obviously aimed at Goulart and especially interesting as he is PTB candidate for federal deputy. However, is in line with reports from those close to him that he trying to get out of Arraes camp.

DELEGADO-ARIAS

IM

Nov 6 9 51 AM '62
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1105

88
INCOMING TELEGRAM

Department of State

ACTION COPY
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42-W
Action:
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FROM: Rio-de-Janeiro
TO: Secretary of State
NO: 555, September 8, 5 p.m.
PRIORITY
EMBTEL 554.

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Rec'd: September 8, 1962
5:03 p.m.

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My preliminary comment on reference telegram is that forecasting especially difficult because of welter conflicting pressures, including divided Counsels of President. Goulart appears set course from hour to hour, with greater power his only clear fixed goal. Decision Thursday refrain intervening Guanabara apparently made by chair, and such action might well have touched off violence. Any effort to force Congress beyond August 17 compromise may do likewise. Next week, therefore, and whole period through elections if held and well into installation new Congress expected retain crisis characteristics.

GORDON

DMJ

Nov 2 9 47 AM '62
FILED

732,00/9-862

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1106

28
INCOMING TELEGRAM

Department of State

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42-W

Action
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USIA

NSC

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ARMY

NAVY

AIR

RMR

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 556 SEPTEMBER 8, 5 P.M.

PRIORITY

EMBASSY TELEGRAM 553

CONFIDENTIAL

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Control: 5794

Rec'd: SEPTEMBER 8, 1962

8:26 P.M.

INFO: ESTB

RM/R FILES

RIO 556

732.00

SM/R file
10/9 - JWW

732.00/9-862 XR 732.11

DOMINANT TONE OF CALM AND MODERATION CHARACTERIZED TRADITIONAL PRESIDENTIAL INDEPENDENCE DAY ADDRESS, DELIVERED SEPTEMBER 7 RIO OVER RADIO-TV HOOK-UP. GOULART ADDRESSED "FERVENT APPEAL ALL BRAZILIANS HELP COUNTRY RE-ESTABLISH ATMOSPHERE UNDERSTANDING AND OPTIMISM". NO ONE, HE SAID, WOULD PROFIT BY "ATMOSPHERE TENSION AND INTRANQUILITY".

NEVERTHELESS, LANGUAGE IN ONE PORTION SHORT ADDRESS SEEMED IMPLY SUPPORT FOR SEPTEMBER 6 CABINET THREAT OF INTERVENTION IN GUANABARA (REFTEL); "NATIONAL GOVERNMENT... WOULD NEVER DRAW BACK FROM DUTY OF ASSURING INTERNAL ORDER AND HARMONY OF BRAZILIAN FAMILY". AND RECALLING CIRCUMSTANCES HIS INVESTITURE, GOULART CLAIMED NEVER TO HAVE SPARED EFFORTS "TO REMOVE DANGER CIVIL WAR" AND "PREVENT COLLAPSE DEMOCRATIC INSTITUTIONS".

OTHERWISE, SPEECH RE-ENUNCIATED FAMILIAR GOULART THEMES: (1) SYMPATHY FOR WORKERS, WHO CARRY "HEAVIEST BURDON OF SOCIAL AND ECONOMIC INSTABILITY"; (2) CALL FOR BRAZILIAN SOLUTIONS, WITH WHICH, "WITH UNDERSTANDING AND SINCERE COOPERATION" ALL CLASSES "WE WILL SOLVE OUR PROBLEMS"; (3) PRAISE FOR ARMED FORCES AS "GUARDIANS OF INDEPENDENCE AND NATIONAL INTEGRITY"; (4) ECONOMIC EMANCIPATION, AS NECESSARY IN ORDER THAT "POLITICAL INDEPENDENCE WON 140 YEARS

FILED
MAY 29 1962

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1107

CONFIDENTIAL

-2- 556 SEPTEMBER 8, 5 P.M., FROM RIO DE JANEIRO
140 YEARS AGO BE COMPLETED".

SPEECH APPEARS REPRESENT CONTINUATION GOULART TACTIC SPEAKING
MODERATELY WHILE ALLOWING (IF NOT ENCOURAGING) CRONIES LIKE
BRIZZOLA MAKE PROVOCATIVE AND INFLAMMATORY ATTACKS ON
GOULART'S OPPONENTS.

FULL TEXT POUCHED.

GORDON

HLL/21

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1108

of
INCOMING TELEGRAM

Department of State

ACTION COPY

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57 H

Action

Control: 5635

Rec'd: September 8, 1962

11:43 a.m.

ARA

FROM: Rio-de-Janeiro

Info

SS

TO: Secretary of State

G

SP

NO: 553, September 8, 7 a.m. (SECTION ONE OF TWO)

CAP

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EMBTEL 535.

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AIR

RMR

After special meeting September 7 Council of Ministers released note signed by all Ministers terming "subversive" GB (Guanabara) state Governor Carlos Lacerdas recent charges that National Government preparing coup (reference telegram) and warning persistence in campaign "incompatible with existence Federation." Conservative, anti-administration CORREIO DA MANHA reports note "intermediate recourse" suggested by Foreign Minister Afonso Arinos, and strongly backed by War Minister Nelson de Melo at meeting called by Premier Brochado da Rocha to announce that in face Lacerdas charges he forced to decide between: (1) Resignation; or (2) intervention in GB. Thus, note appears warning to Lacerda of possible intervention for wording seems capable being later interpreted as describing eventualities under which Constitution (Title I, Chapter I, Article 7) sanctions such action, viz., "to maintain national integrity" or "assure... independence and harmony of powers." Text of note follows in translation:

"In pursuance his subversive campaign against National Government, to which he slanderously attributes preparation of coup against (national) institutions, Governor of Guanabara continues aggrivate his position of hostility to federative co-existence and to respect that nations authorities reciprocally owe each other. Federation's existence is incompatible with persistence such action.

"Council

0
Revised by 1200

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RIO 553

RM/R FILES
RM/R - full
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732.00/9-86a

1109

CONFIDENTIAL

-2- 553, September 8, 7 a.m. (SECTION ONE OF TWO), from:
Rio-de-Janeiro

"Council of Ministers performs its duty of alerting nation against this subversive and anti-federal campaign and relies on Brazilian people and National Congress to honor our generations commitment to the peace, greatness, and future of Brazil."

Later that evening, Lacerda replied, indication Brizzola, not he, should be charged with subversion adding that only dead would he cede Government GB. Official text follows:

"1. Accusation that GB Governor endangering 'constitutional advance of political process...public tranquility and country's prestige abroad' is address to wrong person;

"2. GB Government has merely come to defense of State, Congress and national peace; and is enduring with patience and intelligence the vexation, provocations and even open and noisy appeals to violence, subversion, coercion of Congress, and to class war, that have been made in the state;

"3. Attacks on government authority and incitements to disorder have been made in GB with undisguised intent on provocation by officials intimately connected with President and Prime Minister without the latter discretion of dis-associating selves from them;

4. All efforts of state Government devoted to peaceful labor in midst of country's sufferings caused by inflation, Communist infiltration and administrative aimlessness. These disturbing factors have in this state been neutralized by action of its Government, maintaining confidence of people in democratic institutions and their capacity solve problems in peace and freedom;

"5. State Government call people and Congress to witness. And for judge, all-powerful God, who will not allow such provocation

CONFIDENTIAL

1110

CONFIDENTIAL

-3- 553, September 8, 7 a.m. (SECTION ONE OF TWO), from:
Rio-de-Janeiro

provocation drag nation down into chaos and people to despair
and distress;

"6. In defense of Constitution, autonomy of state, and
legitimate mandate received from people, Governor GB will
perform duty without fear or arrogance, convinced that
what is important now, above all, is realization free
elections, respect for authority of Congress, and peace
among Brazilians.

GORDON

DMJ

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57 H
Action

Control: 5634
Rec'd: September 8, 1962
11:42 a.m.

ARA FROM: Rio-de-Janeiro

Info TO: Secretary of State

SS NO: 553, September 8, 11 a.m. (SECTION TWO OF TWO)

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RMR

"7. Therefore, instead of allowing self be provoked by uncommon threat, GB Government asks people maintain calm, for it does not believe nation at mercy such follies."

During reception for General Clark, Ambassador asked Nelson de Melo casually about Cabinet meeting and election prospects, Minister replied that tranquility would be maintained in Guanabara, elections would take place on schedule, and that in his opinion Congress would fulfill August compromise agreement on constitutional amendment and plebiscite.

GORDON

DMJ

JWW
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1112

32
INCOMING TELEGRAM

Department of State

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NUMBERED

47

Action

Control: 6759

Rec'd: SEPTEMBER 10, 1962
6:48 PM

RIO 559

ARA

Info

FROM: RIO DE JANEIRO

SS

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RMR

TO: Secretary of State

NO: 559, SEPTEMBER 10, 4 PM

NO: _____
INFO: _____
RM/R FILES: _____

*RMR - full
10/9 - JWW*

CALLED ON LACERDA LATE FRIDAY AFTERNOON SEPTEMBER 7 TO REVIEW POLITICAL DEVELOPMENTS. HE CONFIRMED FROM OWN SOURCES PUBLISHED REPORT NEAR DECISION BY CABINET THURSDAY TO INTERVENE GUANABARA. THANKS TO ARINOS AND NELSON DE MELO, HELPED BY STRONG INDICATIONS SUBSTANTIAL MILITARY RESISTANCE TO ANY SUCH ACTION, HE FELT THIS THREAT NOW AVERTED FOR TIME BEING, ALTHOUGH MIGHT BE REVIVED, ANY TIME WITHOUT NOTICE. FORESAW CERTAINTY OF QUORUM FOR CONGRESS THIS WEEK, AND BELIEVED CONSTITUTIONAL COMPROMISE PROBABLE, PROVIDED GOULART NOT PUSHED BY FAR LEFT INTO DEMANDING TOO MUCH BEYOND AUGUST 17 ACCORD. EXPRESSED PROFOUND DISTRUST FOR BROCHADO, USING PORTUGUESE EQUIVALENT OF DESCRIPTION AS RIMLESS CIPHER. SAID GOULART THOROUGHLY FED UP WITH BROCHADO, ESPECIALLY FOR HAVING BEEN OUTSMARTED IN NOT MAKING APRIL 15 ABSOLUTE DEADLINE ON PLEBISCITE.

ALSO REPORTED WARNINGS RECEIVED FROM FRIENDS CLOSE TO PRESIDENTIAL CIRCLES THAT ATTEMPT MAY BE MADE ASSASSINATE HIM, DISGUISED ASSASSIN AS HALF-WIT LIKE VAN DER LUBBE. ALTHOUGH SOUNDS MELODRAMATIC, I DO NOT DISCOUNT THIS, CONSIDERING GOULARTS FEAR OF LACERDA AND VIVID RECOLLECTION HIS ROLE IN VARGAS OUSTER AND SUICIDE.

REMAINDER CONVERSATION DEALT ADMINISTRATIVE PROBLEMS GUANABARA WHICH LACERDA CONTINUING CONFRONT ADMIRABLY DESPITE POLITICAL TENSION.

GORDON

Interacted by IMR
SJR

FILED
NOV 21 1962

732.00/9-1062

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1113

08
INCOMING TELEGRAM

Department of State

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NUMBERED

53-H

Action

Control: 7970

Rec'd: SEPTEMBER 11, 1962

8:08 PM

ARA

FROM: RIO DE JANEIRO

Info

CAP

TO: Secretary of State

P

USIA

NO: 576, SEPTEMBER 10, 5 PM

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AIR

RMR

PRIORITY

FOLLOWING FROM BRASILIA.

73200
73200
RMK - full
10/9 - JWA

732.00/9-1062

STUGGLE BETWEEN CONGRESS AND PRESIDENT OVER LATTER'S DRIVE TO REGAIN FULL POWERS VIA PLEBISCITE (ON QUESTION RETURN PRESIDENTIAL SYSTEM) WHICH DUE REACH DECISIVE STAGE DURING THIS WEEK'S "CONCENTRATED EFFORT" (EMBASSY TELEGRAM 554) PRESENTLY CENTERS ON DIFFERING INTERPRETATIONS AUGUST 17 AGREEMENT BETWEEN CONGRESSIONAL LEADERS AND PRIME MINISTER (EMBASSY TELEGRAM 422). THOUGH SIGNERS AUGUST 17 AGREEMENT APPARENTLY INTENDED PLEBISCITE BE HELD APRIL 15, 1963 TEXT AGREEMENT IN FACT STATES PLEBISCITE MAY BE HELD EITHER APRIL 15 OR "60 DAYS" AFTER ANY AMENDMENTS OF PARLIAMENTARY SYSTEM WHICH CONGRESS MAY VOTE WITHIN TERMS OF BRITO AMENDMENT (WHICH GIVES CONGRESS SIX MONTH YQMO *ACT.) HAVING BECOME SLOWLY AWARE FACT THAT WITHIN TERMS AGREEMENT PLEBISCITE COULD BE POSTPONED BY NEXT CONGRESS UNTIL LATE 1963, GOULART AND HIS SUPPORTERS HAVE INITIATED STRENUOUS CAMPAIGN TO SECURE CONGRESSIONAL COMMITMENT TO PLEBISCITE ON APRIL 15 AT VERY LATEST. BRIZOLA TIRADES DEMANDING PLEBISCITE OCTOBER (WEEK 35) NOW LTNN *BY MOST OBSERVERS AS OPENING GUN THIS CAMPAIGN FOR PURPOSE ESTABLISHING INITIAL BARGAINING POSITION. THOUGH CONGRESSIONAL OPPONENTS GOULART NOW FLOCKING ENDORSE AUGUST 17 AGREEMENT (IN APPARENT ATTEMPT FRUSTRATE CONGRESSIONAL PRESIDENTIAL UNDERSTANDING). PSD IS REPORTED LEANING TOWARD REVISION AUGUST 17 ACCORD ORDER MAKE APRIL 15 FIRM PLEBISCITE DATE. ALTHOUGH THIS TENDENCY CONTINUES OFFER HOPE EVENTUAL SUCCESSFUL COMPROMISE, PRESIDENT'S MORE FEROCIOUS OPPONENTS HAVE NOT ABANDONED STRUGGLE AS INDICATED BY THEIR CONTINUED ADVOCACY SO-CALLED CAPANEMA LAW, WHICH, BY GIVING PRESIDENT AUTHORITY INSTALL

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1114

CONFIDENTIAL

-2- 576, SEPTEMBER 10, 5 PM FROM RIO DE JANEIRO

PROVISIONAL CABINET IN ABSENCE CONGRESSIONAL QUORUM, WOULD
ROB GOULART OF HIS MOST POTENT WEAPON IN CURRENT STRUGGLE --
WHICH IS THREAT FORCE CABINET RESIGNATION AND OFFER UNACCEP-
TABLE PRIMIN DESIGNATE (E.G., BRIZOLA), THUS PRECIPITATING
POSSIBLE MILITARY INTERVENTION, SHOULD CONGRESS FAIL TO GIVE
HIM PLEBISCITE ON ACCEPTABLE TERMS.

GORDON

GDW

*AS RECEIVED. WILL BE SERVICED UPON REQUEST.

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1115

INCOMING TELEGRAM

Department of State

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Action

Control: 7969

Rec'd: September 11, 1962

8:08 p.m.

ARA

FROM: Rio de Janeiro

Info

SS

TO: Secretary of State

G

CAP

NO: 575, September 10, 2 p.m.

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PRIORITY

FOLLOWING FROM BRASILIA

Labor Minister Hermes Lima who has recently been a principal spokesman for administration's drive to change Parliamentary system made following points in conversation with Embassy officer in Brasilia last night.

Is pessimistic about Congress granting administration's demands on plebiscite. Said that President is demanding plebiscite coincident with October 7 elections. When it was suggested that it might be technically too late to prepare for plebiscite in less than month, said that elections could be postponed briefly. Added, however, President would be satisfied with date in November or even as late as February. In any case plebiscite must be held before new Congress convenes since there could be no assurance next Congress elected under Parliamentary system would not refuse to carry out agreement.

Hermes Lima went on to say that people must have chance to decide on system of government but made clear point that administration does not insist on return to old Presidential system. A modified version thereof giving some (undefined) additional powers to President would presumably satisfy.

If foregoing not forthcoming from Congress Labor Minister said Cabinet would resign and another crisis would have started

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RIO 575

732.007-1062

FILED

Nov 29 9 48 AM '62

RMR - file 10/9 - JWW

1116

CONFIDENTIAL

-2- 575, September 10, 2 p.m. from Rio de Janeiro

started whose end could not be foreseen. Admitted likelihood of disorders which could lead to military intervention despite reluctance armed forces do so.

Hermes Lima has usually been pessimistic on score of working agreement on plebiscite date being reached between executive and legislature during recent crisis. This pessimism is probably for effect, and part of administrations war of nerves against Congress. His statement should be considered as first bargaining position from which administration could later retreat. Embassy Office, Brasilia continues believe agreement likely on some date between October 7 originally hoped for by Goulart and end of 1963 which UDN leaders and other administration opponents now claim is intent of August 17 agreement.

GORDON

TRT/14

CONFIDENTIAL

1117

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|---|------|------|---|--|--|--|--|--|
| ORIGIN/ACTION #1 ARA-4 20 | | | DEPARTMENT OF STATE AIRGRAM | | | 732.00/9-1062 | | |
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| NEA | CU | INS | TO : DEPARTMENT OF STATE | | | DEPARTMENT OF STATE 1962 SEP 15 PM 12 34 | | |
| E | P | IO | INFO : RIO DE JANEIRO | | | BUREAU OF INTER-AMERICAN AFFAIRS SEP 17 1962 | | |
| L | FBO | AID | FROM : Amconsul PORTO ALEGRE | | | DATE: SEP 10 1962 | | |
| SUBJECT: Brazilian Elections 1962 - Rio Grande do Sul | | | ANALYSIS & DISSEMINATION BRANCH | | | <i>Porto Alegre-1 Santos-1</i> <i>Rio de Janeiro Recife-1 Sao Paulo-1</i> <i>Salvador-1</i> <i>Belo Horizonte</i> <i>Cuyabata</i> <i>Am/ha-MCG</i> | | |
| ARMY | CIA | NAVY | REF : | | | I General II Issues III Parties IV Information Media and Opinion Makers V Governorship a. Incumbents b. Candidates VI Federal Senators a. Incumbents b. Candidates VII Federal Deputies a. Incumbents b. Candidates VIII Outlook | | |
| OSD | USIA | NSA | I <u>General</u> | | | <p>If the nationwide elections in Brazil take place as scheduled on Sunday October 7, 1962, Rio Grande do Sul will elect one Governor, 2 Federal Senators (with their respective alternates), 29 Federal Deputies (an increase of 5 over the last election), and 55 State Deputies. There is no post of Vice Governor, and no municipal elections are being held this year. Each elector will vote for governor, 2 Senators and one each Federal and State Deputy, at large. All parties are permitted to nominate and register with the Tribunal Regional</p> | | |
| 12 | 8 | 3 | FORM 4-62 DS-323 | | | CONFIDENTIAL FOR DEPT. USE ONLY <input checked="" type="checkbox"/> In <input type="checkbox"/> Out | | |
| Drafted by: FDSharp 8/23/62 | | | Contents and Classification Approved by: FDSharp | | | | | |
| Clearances: | | | RB | | | | | |



CONFIDENTIAL

2
AIRGRAM A-7
PORTO ALEGRE

Eleitoral (TRE) the following number of candidates: 1 for governor; 2 for Senator (plus alternates); 38 for Federal Deputy; and 73 for State Deputy. It is not expected that any party will nominate and register the total number of candidates for Federal or State Deputy, and some minor parties will only run partial slates. With the registration deadline set for August 28, as yet only 129 candidates have been formally registered with TRE, but a total of 300 is anticipated. As soon as made available by TRE a list of all officially registered candidates will be submitted.

The registration of voters was completed on June 28 and the total electorate for Rio Grande do Sul is 1,561,162 inscribed in 155 municipalities. A percentage breakdown by number of voters follows:

| | <u>Voters</u> | <u>Percentage</u> |
|--|---------------|-------------------|
| Pôrto Alegre | 253,361 | 16,23 |
| 10 municipalities-over 20,000 voters | 292,094 | 19,16 |
| 33 municipalities-10/20,000 voters | 456,913 | 29,27 |
| 111 municipalities-under 10,000 voters | 551,794 | 35,34 |
| Total | 1,561,162 | 100,00 |

Rio Grande do Sul, Brazil's Texas from almost every point of view and consideration, is geographically, ethnically, and psychologically less Brazilian than any other state in the nation. However, with President João Goulart, Prime Minister Francisco Brochado da Rocha, Banco do Brasil President Ney Galvão, Banco Nacional do Desenvolvimento Economico Leocádio Antunes, and outgoing Governor Leonel Brizola, all gauchos on the national scene, Rio Grande do Sul is becoming more integrated into the Federal Union, more so than almost ever before.

The geography of the state has much to do with the political orientation and attitudes of the heterogeneous population. A line drawn west from Pôrto Alegre through Santa Maria and projected to the Uruguay River divides the state into two major areas: the livestock producing pampa to the south, inhabited largely by Luso-Hispano-Brazilian stock; and the hilly, agricultural "colônia" to the north, inhabited by Germano-Italo-Brazilian stock. Additionally there is a 25 mile long industrial axis running north/south from Pôrto Alegre to Novo Hamburgo containing the major urban concentration in the state.

While there are situations of subsistence level existence in this state, it is safe to say that the general standard of living of the people is well above the Brazilian average and nothing like the Northeast exists in Rio Grande do Sul. There seems to be no urgent pressure of the people on the land, at least on the scale that is witnessed in the Northeast, for while the large estates in the sparsely populated pampa area are a necessity in the economics of the livestock industry, the vast majority of the population in the colônia are small landholders. The principal agricultural problem in this state is the

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lack of technical assistance and economic resources available to the small and medium agriculturalist in order to increase productivity. The gaúcho, however, is an intensely independent individual who would prefer to work out his destiny, unhindered by government, in an atmosphere of political stability and tranquility. His real concern today is the overwhelming inflationary situation which is pauperizing the middle class since his fixed income decreases in absolute value almost daily.

Not normally a volatile man, he can be stirred to violence when an issue is presented as unfair, unjust or as an intrusion into his concept of his right to work out his own destiny unimpeded. Once aroused he is difficult to calm although usually he is quiet and non-expansive. He feels an intense state patriotism, not felt as deeply anywhere else in Brazil. He quickly rallies behind a state cause. This was shown last year, when the gaúchos seemed to be almost completely behind Brizola during the "legalidade" crisis. Only later did the divergencies start emerging. It seemed more a matter of local pride than a matter of ideology or being for or against Brizola. This sense of unity more than anything else has given RGS its capacity for influencing national policies to an extent greater than would be expected from this extreme southern and somewhat aloof state. This, then, is the voter who will elect a governor, in the first place, but also his representatives to the federal and state legislatures.

II Issues

Rio Grande do Sul has been subjected to the government and administration of Leonel Brizola for almost four years. This administration, while it has made a strong effort in the field of public education, has failed to improve general economic and social conditions in the state, its most notable failure being in the area of road building, with the so-called "estrada da produção", a much needed arterial highway across the state, a complete failure as well as a major source of graft. Party spoils system has loaded the state payrolls with the PTB "faithful" and all the typical Brazilian sins in public administration are present here. More important, however, in its impact on the daily life of the industrious gaúcho, has been the atmosphere of instability brought on, particularly during the past 18 months, by the ultra-nationalistic, leftist preachings of demagogue Governor Brizola, in his quest for personal power and his projection onto the national scene. The principal issue in the election campaign in Rio Grande do Sul is whether the disquieting, unsettling philosophies, policies and practices of Brizola are to persist into and during another four year administrative period or, alternatively, tranquility and political stability are to return, so that the inhabitants of this state can work out their destinies with some assurance that the democratic institutions upon which the socio-economic fabric of the country is based are to endure. Other issues including basic reforms; increased agricultural productivity; access to land; government assistance to agriculture; health, education and welfare services; and, above all, the ever-increasing cost of living

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are likewise part and parcel of the campaign and are planks in the platforms of practically all candidates. However, to the mass of the electorate, except for the cost of living spiral, most of these appear to be largely abstract concepts. The gaúcho believes that these goals can be realized and hopes they will be, but, more than anything, he desires them to become manifest through a gradual evolutionary process rather than by means of a violent breakdown in the social order as he knows it.

Only that part of the population possessing a secondary education seems to express real conviction on parliamentary government vs. presidentialism, and its considered opinion is that parliamentarism has not really been proven a success or a failure as yet. The Alliance for Progress and foreign capital investment in Brazil are not strong issues, if voting issues at all, because there is little, if any, visual evidence of either in this state. The mass of the voters is aware of them only to the extent that Brizola has repeatedly condemned them as processes being used to maintain Brazil as an economic colony of the United States. Thinking people, including many of his own party, divide sharply with Brizola on these points. In fact, even the PTB candidate has come out for Alliance for Progress and other foreign aid. To recapitulate: Brizola is the issue in the campaign and his popularity has waned continuously for the past 18 months gaining a temporary resurgence only by the "legalidade" movement a year ago and the takeover of the U.S. telephone company in February 1962.

III Parties

PTB - Partido Trabalhista Brasileiro. This party presently has the governorship, no Senator, 12 (of 24) Federal Deputies, and 24 (of 55) State Deputies.

PSD - Partido Social Democrático. This party now has no Senator, 7 Federal Deputies and 14 State Deputies.

PL - Partido Libertador. This party now has 1 (of 3) Senator, 2 Federal Deputies, and 7 State Deputies.

UDM - União Democrática Nacional has 1 Senator, no Federal Deputy, and 3 State Deputies.

PRP - Partido de Representação Popular has 1 Senator, 1 Federal Deputy, and 3 State Deputies.

FDC - Partido Democrata Cristão has no Senator, no Federal Deputy, and 2 State Deputies.

PSP - Partido Social Progressista has no Senator, no Federal Deputy, and 2 State Deputies.

MTR - Movimento Trabalhista Renovador has no Senator, 2 Federal Deputies (elected as PTB) and no State Deputy.

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PSB - Partido Socialista Brasileiro has no incumbents.

PR - Partido Republicano. This party has no incumbents and is the clandestine habitat of the PCB members and sympathizers in Rio Grande do Sul.

In the present electoral campaign the following alignments and/or coalitions are in effect:

PTB is running its own slate for governor, Senator, Federal and State Deputy.

PSD, UDN, PL, FDC, PRP are presenting one gubernatorial candidate under the name of Ação Democrática Popular (ADP).

UDN, PL, FDC, PRP are presenting a combined slate for Federal Deputy under the name of ADP, while PSD is presenting its own Federal Deputy ticket.

PSP under its own name is supporting the ADP gubernatorial candidate.

MTR is presenting its own slate for governor, Federal and State Deputies. No party candidate for Senator has been named.

PSB and PR have presented a joint slate for an unannounced number of Federal and State Deputies under the name of Aliança Socialista Republicana (ASR). There is some question as to whether or not the TRE will admit these candidates.

IV Information Media and Opinion Makers

The Porto Alegre press, radio and television outlets are the most important information media in RGS. While numerous small weeklies and some dailies, as well as low powered radio stations operating irregular schedules, exist throughout the interior, it is to the media of the capital that the voters look for information and editorial opinion on the issues personalities and developments of the campaign.

Press:

a. Correio do Povo (circulation-75,000 daily, 125,000 Sunday). The "good grey" Correio, owned by the Caldas Junior interests, is by all odds the best newspaper in the State and its editorial policy widely respected. Having remained aloof from national and state politics until 5 months ago, Breno Caldas is now outspokenly anti-Brizola, and, nationally, criticizes Goulart for his attempts to return to presidentialism, and his indecision in governing the country.

b. Fôlha da Tarde (circulation-30,000) is the afternoon tabloid sister of Correio. Arlindo Pasqualini, brother of the late PTB founder

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and Senator Alberto Pasqualini, has lately begun to write a daily front page box editorial on local and national issues. He is the champion of press freedom in RGS and is leading the fight against Brizola's campaign to demoralize the press. The impact of these editorials is significantly augmented by their being carried several times a day over Rádio Guaíba, the Caldas Junior radio station associated with the two papers.

c. Diário de Notícias (circulation-20,000 daily, 40,000 Sunday). The local member of the Assis Chateaubriand Diários Associados chain, this paper is also increasingly anti-Brizola but not as vehemently as Correio and Fôlha. This change of heart resulted from Brizola's continuing attack on press freedom. This paper does not have the wide circulation in the interior that Correio enjoys.

d. Jornal do Dia (circulation-18,000 daily, 35,000 Sunday). The state's leading Roman Catholic Church owned organ, it had been mildly anti-Brizola, but is becoming increasingly so as the campaign progresses. Together with Correio the most influential paper in the interior, it is the only Porto Alegre paper to have come out openly for the ADP candidate.

e. Última Hora (circulation-40,000). The local representative of Sam Wainer's chain, in tabloid form, this paper is pro-Brizola, pro-leftist, pro-ultranationalist, and, of course, regularly anti-United States. It also publishes a special edition which circulates in the industrial urban area from Porto Alegre to Novo Hamburgo.

Radio:

a. Rádio Farrroupilha (50 kw. output) is owned by the Diários Associados (Assis Chateaubriand) chain.

b. Rádio Guaíba (10 kw output, 50 kw by September 30, 1962) owned by Caldas Junior interests, is the "quality" station in Porto Alegre.

c. Rádio Gaúcha (10 kw output) is an independent, but uses Última Hora and Agence France Presse as information sources.

d. Rádio Difusora (10 kw output) is associated with Roman Catholic-oriented Jornal do Dia.

e. Rádio Princesa (10 kw output) and Rádio Itai (10 kw output) are independent stations.

These are the principal radio stations in Porto Alegre and are heard throughout the state. Most political propaganda is being channeled through them, although there are 11 other minor broadcasters in this city.

Television:

a. TV-Piratini (channel 5, audience 70,000 est.). The only television station in RGS, it is owned by Diários Associados. In addition

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to its Porto Alegre outlet it has 2 relay stations in the interior on different channels (7 and 13) and thus blankets the state.

b. TV-Gaúcha (channel 12), not yet operating, expects to go on the air in late October, and thus is not a factor in the campaign.

In discussing opinionmakers in the present electoral campaign, an attempt has been made to screen out media and/or vehicles which are so obviously biased that their audience is largely made up of those whose opinions are probably well fixed. Examples of such are the communist-leaning weekly Resistencia and the Comando Sindical de Porto Alegre.

By far the most important opinionmaker in this state is the Roman Catholic parish priest in the interior, and he is followed closely by the local pastors of the various Protestant sects, particularly in the areas where the population is largely of German and Polish descent. From all reports, it is clear that the parish priests are working hard in this campaign, needless to say, against Brizola's philosophies. In the pampa area, the southern half of the state, there is no doubt that the conservative fazendeiro is an important factor in advising his employees where their best interests lie and, of course, throughout the state the prefeitos of the 155 municípios are key opinion makers. In the 1959 municipal elections, of the 155 mayors, 51 were elected on the straight PTB ticket, while an additional 41 were elected by coalitions of PTB plus other parties, although their primary party loyalty is not known. As opinionmakers, the labor unions appear to be factors only in the Porto Alegre-Novo Hamburgo industrial strip, in Santa Maria, the railroad center, and in Rio Grande and Pelotas, the other two maritime cities of the state. The unions are largely Communist-oriented and dominated, but all three gubernatorial candidates have been devoting considerable effort to attempting to win the urban labor vote. Moreover, the anti-Communist Movimento Sindical Democrático has had some success among commercial labor and may swing some votes away from the PTB candidate.

In terms of audience impact, one must rate demagogue Governor Leonel Brizola's regular Friday night radio broadcast as one of the top opinion makers. By his own admission his "newspaper", in that "my opinions and statements cannot be twisted", his broadcast generally runs from 2 to 2 1/2 hours and ranges from strictly local issues to the total national scene, and is viewed, depending on the listener's opinion, as grotesque comedy on one extreme or as the "Law and the Prophets" on the other. Principally, Brizola's own vehicle for the advancement of his political future, he does call for a fundamental change in Brazil's institutions, in his view, possible only through extreme nationalism, PTB being the party. But only rarely has he called for support for his party's gubernatorial candidate. Other regularly scheduled radio and television programs of the "public service" type are important opinion makers, and political candidates are widely sought after for their

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participation these days. The programmers cannot really be called impartial for the ratio runs about 2 or 3 programs supporting the opposition's views to each one for the PTB cause. Mention should also be made of the series of editorials which journalist-economist Arlindo Pasqualini has recently undertaken. Thoughtful and penetrating, they are objective rather than snide, clever rather than flippant and are having a significant impact throughout the state. As reported above, the fact that they are read over Rádio Guáíba has greatly augmented the impact of this editorial campaign. From the opposition's viewpoint, Brizola's diatribes against the RGS press has had the advantageous result of resurrecting the long silent Pasqualini.

V Governorship

a. Incumbent: Governor Leonel de Moura Brizola (Category II) married to one of President Joao Goulart's sisters, is probably one of the half dozen most important figures on the Brazilian national scene today. But in his own state, his political base is shrinking daily and even his supporters doubt that he could win an elective office in RGS. For over a year his quest for political power on the national level has led him to ignore the administration of the State Government except for actions which could enhance his personal prestige (i.e. expropriation of IT&T telephone company, expropriation of land/s^o-called "landless peasants"). Accused by his detractors of being of limited intelligence, albeit clever, Brizola is a ruthless demagogue. Arlindo Pasqualini has characterized him ideologically as neither Communist nor Fascist, but, in the hands of either, an extremely useful but dangerous tool. (In many ways it is tragic for Brazil that the obvious magnetic appeal of Brizola cannot be channelled toward positive rather than its present negative effort, for he could well supply the "political mystique" widely heralded as the needed factor to make the Alliance for Progress click.)

Brizola is no longer a Rio Grande do Sul figure, having projected himself on the national scene, but he is the issue in the gubernatorial campaign.

In a state where by tradition the opposition turns out the incumbent, all 3 candidates are, in effect, of the opposition, for even the PTB's man is not in favor of Brizola's philosophies, policies or practices. All three candidates have come out for basic reforms, technical and economic assistance to agriculture, increased productivity, highways, electric power, technicians in government, social justice, education, etc. There is little to differentiate their platforms, and so, as usual, the election will probably hinge on personal impact, party discipline, and voting tradition, not to mention amounts of money spent on political propaganda.

b. Candidates:

- 1) Fernando Ferrari (Category IV) Movimento Trabalhista Renovador,

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(MTR). Founder and leader of his own movement and party, a personable man in his early 40's, he was the "most-voted-for" Federal Deputy candidate on a national basis in 1958, and was the leader of PTB bench until his split with it in 1960. His aims include a return to the true ideals of the Trabalhista movement, relieving it of the corruption and spoils system which have undermined the PTB. Calling himself the "clean hands candidate", Ferrari has personal magnetism which gives his listeners (and voters) the impression of a messianic quality. With the Jânio Quadros experience fresh in their minds, many Gaúchos are not drawn to Ferrari's personality. His greatest appeal is among the urban middle and laboring classes and his candidacy will probably draw more votes from PTB ranks than from the elite, who say that they fear him more than they do Brizola because Ferrari believes in what he preaches, while Brizola is a demagogue out for personal power. It is generally conceded that Ferrari, who has no outspoken editorial support among media, will carry a majority of the vote in the major urban areas, but that he is unsupported by the rural voters. The origin of Ferrari's financial support remains a mystery to the other RGS parties, and PTB is worried over Ferrari's inroads into their voting strength. Rumors are heard increasingly that the PTB rank and file fear conservative ADP candidate Meneghetti more than Ferrari, and faced with the almost certain defeat of their own candidate Michaelson, they will vote for Ferrari. At any rate, such would be a defeat for the PTB (and in its own home state). It is difficult to measure Ferrari's true strength for while his vote-getting record is cited when he was elected Federal Deputy, it should not be forgotten that he ran as a PTB candidate. Again, after his split with PTB, when he outscored Goulart in their home state for the vice presidency in 1960, Ferrari garnered almost the total opposition to PTB's Goulart, which to most observers means that much of Ferrari's vote was anti-Goulart rather than pro-Ferrari.

The known past vote-getting record of Ferrari contrasted with the unknown of his penetration into the rural areas makes his chances difficult to assess. There is some feeling among the lower class that "somehow" Ferrari will "work the miracle" and bring this inflation-burdened state to the "Promised Land".

2) Ildo Meneghetti (Category VI or V). Candidate for Ação Democrática Popular (ADP). Meneghetti, a rather colorless man, close to 70 years of age, was followed as Governor by Brizola in 1958. A PSD member in his own right, he had been Mayor of Porto Alegre when he became State Governor in 1954, a natural political step up here. When the 5 party coalition called ADP was formed by PSD, UDN, PL, PDC and PRP, agreement could not be reached on the gubernatorial candidate, and only after considerable backing and filling could the coalition leaders agree on the "transaction candidate", Meneghetti. He does not project well in public and has been bested in confrontations with Brizola, but the united opposition feels so strongly on the issue, Brizola, that any name and face with a past record of stability and tranquillity, in its view is expected to win the governorship hands down. Moreover, Meneghetti is well regarded in the interior and although his administration was

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not particularly noteworthy, memories of his road building and other efforts in the interior are still fresh. Meneghetti has campaigned tirelessly, and apparently effectively, throughout the state, his main area of strength being the rural vote, which, according to experts, accounts for 60 percent of the state's electorate. Meneghetti is supported by the merchant and industrial class in the urban areas, and by the fazendeiro in the pampa, as well as the small and medium landholder in the "colonia", whose desire for stability transcends any shortfall in the performance of Meneghetti's earlier administration. The Roman Catholic parish priest is campaigning for the ADF candidate too, and this is no small assistance. The opinion molding press, while it has not declared its open support for Meneghetti, is clearly anti-Brizola which means anti-PTB, notwithstanding the personal merits of PTB's candidate. Meneghetti, if elected, will not provide a great government but he will accept Alliance for Progress and other foreign aid (which Brizola will not) and will probably people his government with competent though not dramatic planners and executives. His administration will make some limited progress in socio-economic evolution but, above all, peace will be maintained.

3) Egidio Michaelsen (Category VI or V). Candidate for PTB. A well-known banker and businessman in his mid 50's, Michaelsen is a rather mild mannered individual, probably the best administrator of the three candidates. However, he is the only one of the three who has failed to project an "image". His friends and business associates, generally overwhelmingly Meneghetti inclined, lament the fact that he is sacrificing himself on the PTB ticket. PTB stalwarts, used to Brizola's demagoguery, complain of his lack of zeal, but Michaelsen far outdistanced any other potential candidate at the PTB convention, although he was not Brizola's choice. Although Brizola himself is the real campaign issue, he has not been outspokenly in support of Michaelsen, and, in fact, the Brizola faction of PTB has no candidate for whom to vote. Brizola, who has publicly ignored Michaelsen, probably does not wish to be closely associated with a losing candidate and/or desires to preserve a mantle of respectability for Michaelsen by not being identified with him. Notwithstanding this, if, as now seems probable, PTB runs third in the governor's race, it will have no one to blame but Brizola. Although he is running under the slogan of Alberto Pasqualini ideals and Brizola's planning, Michaelsen has not espoused any of Brizola's favorite causes for he has said that it is shortsighted to reject Alliance for Progress aid and his version of agrarian reform is principally increased agricultural productivity. Michaelsen's support, such as it is, will probably come from the rank and file of PTB as well as from such elements of the electorate, including the State Government bureaucracy, as the leftist wing of the PTB can hold under party discipline. He will also receive the vote of that portion of urban labor which Ferrari does not take.

VI Federal Senators:

a. Incumbents:

- 1) Guido Mondin (FRP). Category V. Elected in 1958 on a coalition

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ticket of PRP and PTB, he is a moderate, and not up for reelection at this time.

2) Daniel Krieger (UDN). Category VI. Elected as an alternate in 1954 on the PSD-UDN-PL ticket, in the same race that elected Meneghetti as governor, he runs now for reelection on the ADP ticket which adds PDC and PRP to the 1954 coalition. He is the weaker of the two ADP senatorial offerings.

3) Mem de Sá (PL). Category VI. Elected on the same ticket with Krieger, he has been an excellent gaúcho contribution to the Senate, and should be reelected.

b. Candidates:

1) Daniel Krieger (UDN) on the ADP slate. His alternate Nestor Pereira (PRP) fits category VI.

2) Mem de Sá (PL) on the ADP slate. His alternate Fernando Gay da Fonseca (PDC) best is classified as category V.

3) José Mariano Back (PTB). Now a State Deputy, he fits category IV, has developed rapidly since 1958, and would probably be a better choice than Daniel Krieger. His alternate is Alter Cintra de Oliveira, category III or V.

4) Antonio Brochado da Rocha (PTB). Presently a member of the Federal Tribunal de Contas. An eleventh hour choice, the Prime Minister's younger brother has little else to recommend him except his relationship. He probably fits category III. His alternate is João Carlos Gastal, category III.

No other senatorial candidates have been selected or registered as of this date.

VII Federal Deputies

a. Incumbents:

| | <u>Party</u> | <u>Category</u> | <u>Reelection</u> |
|-----------------------|------------------|-----------------|-------------------|
| João Lima BRAUN | PTB | III | Yes |
| Raymundo CHAVES | PSD | VI | Yes |
| José CORELHO DE SOUZA | PL | VI | No |
| Daniel DIPP | MTR(ex-PTB) | IV | Yes |
| Tarso DUTRA | PSD | VI | Yes |
| Joaquim DUVAL | PSD | VI | Yes |
| Daniel FARACO | PSD | V | Yes |
| Fernando FERRARI | MTR(ex-PTB) | IV | No |
| Willy FROELICH | PSD | VI | Yes |
| Walter GIORDANO ALVES | PTB | III | Yes |
| Alberto HOFFMAN | PRP | VI | No |
| Victor ISSLER | PTB | III | Yes |
| Unirio MACHADO | PTB | II or III | Yes |
| Paulo MINCARONE | PTB(opportunist) | III | Yes |
| Croacy de OLIVEIRA | PTB | II | Yes |

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| | <u>Party</u> | <u>Category</u> | <u>Reelection</u> |
|---------------------------|-------------------|-----------------|-------------------|
| Floriceno PAIXÃO | PTB | III | Yes |
| Clóvis PESTANA | PSD | V | Yes |
| Raul PILLA | PL | VI | Yes |
| Cesar PRIETO | PTB | V | Yes |
| Ruy RAMOS | PTB (opportunist) | II | Yes |
| Hermes de SOUZA | PSD orthodox | III | No |
| Armando TEMPERANI PEREIRA | PTB | II or III | Yes |
| Wilson VARGAS | PTB | III | No |
| Adilio VIANA | PTB | III or V | Yes |

b. Candidates:

All but five, possibly six, incumbents are running for reelection. Other candidates' names will be forwarded with appropriate party labels and categories as soon as TRE formally registers their candidacies.

The present balance of the RGS contingent in the Federal Chamber is as follows: 12 PTB; 2 MTR (elected as PTB); 7 PSD; 2 PL; 1 PRP; total 24. In the 1958 elections only Fernando Ferrari and Wilson Vargas garnered enough votes to carry the remainder of PTB candidates up to the required number for seating. In 1962 neither Ferrari nor Vargas are candidates for reelection. With an increase of 5 deputies for RGS and the loss of those two leading vote getters, PTB will be hard pressed to hold 12 seats, particularly since Brizola is the issue. However, one competent observer sees the results as follows: PTB 12; MTR 2; PDC 2; PL 2/3; UDN 2/1; PSD 7/8; PRP 2/1; total 29.

VIII Outlook

Depending upon the personal inclinations of the individual observer, any one of the three gubernatorial candidates can win the election. PTB supporters say that Michaelson will be elected because the opposition vote will split between ADP's Meneghetti and MTR's Ferrari. The PTB has the most formidable party machinery in the state and it functions on a permanent basis. Moreover, as is true in some U.S. municipalities, PTB normally controls the feather-bedded bureaucracy through heavy political patronage, and Brizola outdid himself in this area. With its strong machine, many observers believe that Michaelson could win except for one overriding factor, Brizola's philosophies and performance. Unfortunately for Michaelson and PTB Brizola is the issue, and PTB should not count on any significant bloc except for its own hard core, disciplined voters.

MTR's Ferrari, has urban labor and younger middle class strength, but this is hard to measure quantitatively. Having bolted from PTB, and since his philosophy is a return to the fundamental aims of PTB before it became the home of bureaucracy and patronage (cf. Tammany, Mayor Hague, Boss Crump, et al.) he is expected to draw more votes from PTB than from the opposition. These would be ideological petabistas and Category IV adherents. Ferrari will also appeal to the independent

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vote more so than will the PTB or ADP candidates. This is probably because this segment recalls Meneghetti as a "do-nothing" governor, but it is also anti-Brizola and thus will probably turn to the "new" man. The urban labor vote will probably divide between PTB and MTR.

ADP's Meneghetti has campaigned hardest among the people who would vote for him anyway, but he has been tireless in his travels through the rural interior and to practically every hamlet in the state. This type of campaign calls to mind Harry Truman's 1948 whistle-stop effort and the tried and proven electioneering technique of Ecuador's Velasco Ibarra. The Church is campaigning openly for him, but the factor that really aids Meneghetti is that he is against Brizola, the fundamental campaign issue. The anti-Brizola segment of the electorate logically turns to Meneghetti since Ferrari has not campaigned on the anti-Brizola note, but rather in favor of reforms, assistance to the rural area, curbing inflation, etc.

The consensus is that Meneghetti will be elected governor, that Ferrari will run second and Michaelson will run a relatively close third. Any prediction is risky, but the best opinion available shows the vote breakdown approximately as follows:

| | |
|---|-----------|
| Ildo Meneghetti (PSD, PL, UDN, FDC, FRP, PSP) | 550,000 |
| Fernando Ferrari (MTR) | 450,000 |
| Egídio Michaelson (PTB) | 400,000 |
| Blank Ballots and nullified votes | 100,000 |
| | <hr/> |
| | 1,500,000 |

The areas of particular strength of each candidate appears to be as follows:

The northern "colonia" area will probably go solidly to Meneghetti. A majority of the urban labor vote (usually PTB-oriented), will go to Ferrari, but the urban elite will vote for Meneghetti. Michaelson will win in PTB urban strongholds and probably in the southern pampa areas. The weight of the heterogeneous "colonia" vote will probably be the margin of victory for Meneghetti. If the thus far silent (and embittered) Mayor of Porto Alegre, Louraíro da Silva, should come out openly for Meneghetti, all bets would be off and the election would be a foregone conclusion.

In the senatorial race, most opinion sees the ADP's Krieger-Mem de Sá ticket reelected, but some observers believe Mem de Sá and PTB's Mariano Beck will be the winners.

For Federal Deputy, PTB hopes to retain its present 12 seats. PSD, MTR, and the ADP will probably hold their present 12 spots and may well pick most if not all of the 5 new seats. PTB's party machine will be put to the test in these races for while their gubernatorial candidate will almost certainly be defeated, the PTB Federal Deputies

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will attempt to hold their own against the anti-Brizola tide, by campaigning hard among the social groups that would favor them. It would be an unexpected gain for most concerned if MTR's Deputy candidates can make inroads into PTB's proven strength in this area.

Frederick D. Sharp III
Frederick D. Sharp III
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TO : DEPARTMENT OF STATE

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RECIFE - 1 SALVADOR - 1 SANTOS - 1 SAO PAULO - 1 MANAUS - 1
SAO LUIS - 1 BELO HORIZONTE - 1 *Total 10*

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FROM : Amconsul, BELLEM, PARA

DATE: September 10, 1962

TR XMB APR

SUBJECT: Brazilian Elections 1962; Report No. *INTER-AMERICAN AFFAIRS*

ARMY CIA NAVY

92 USA 3A

NOTE REPEATS ABOVE

REF : The PSD (Partido Social Democrático) majority party in Acre has named the following candidates for the October elections:

- For governor: General José Guimard dos Santos.
- For senators: Cel. Mansel Fontenele de Castro (suplante Jergo Felix Lavecat) and Dr. Maria de Oliveira (suplante to be announced).
- For federal deputies:
 - Prof. Geraldo Gurgel de Mesquita
 - Dr. Valério Galdas de Magalhães
 - Fernando Perez Nobre
 - Jergo Kalume
 - Dr. Albany Leal
 - Dr. Miguel Jerônimo Ferrante
 - Prof. Francisca Wanderley Dantas
 - Dr. José Thomas Nabuco de Oliveira Filho
 - Dr. Lafayette Rezende

This is the extent of the information available to date from Acre.

Robert W. Mashak
Robert W. Mashak
American Vice Consul

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Contents and Classification Approved by: *RW Mashak*

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| NEA | CU | INR | Belém-1 | | | DATE: September 10, 1962 | | |
| 9 | 5 | | FROM : Amconsul, BELEM, PARA | | | SUBJECT: Ambassador Lincoln Gordon's Visit to the States of Pará, Amazonas, and Acre, and the Federal Territory of Rondônia. | | |
| E | P | IO | REF : | | | TABLE OF CONTENTS | | |
| 3 | 1 | 2 | I. General | | | II. Belém, Pará | | |
| L | PRO | AID | III. Manaus, Amazonas | | | IV. Rio Branco, Acre | | |
| | | 11. | V. Forte Velho, F.T. of Rondônia | | | VI. Concluding Remarks | | |
| AGR | COM | FRB | I. GENERAL | | | From August 29 through September 5, 1962, Ambassador Lincoln Gordon officially visited the states of Pará, Amazonas, Acre, and the Federal Territory of Rondônia, which constitute the bulk of the underdeveloped Amazon Valley. Although the area in general takes but a limited interest in the Brazilian national scene and has a much more restricted concern with international affairs, the Ambassador's visit received wide publicity and drew widespread popular interest in the capitals. This was in marked contrast to insignificant passing attention given to the ambassadors of France, West Germany, Yugoslavia, Rumania, and Sweden on their recent visits. | | |
| 10 | | | The topic of greatest interest in all sectors of life was the Alliance for Progress and what it would do for the North of Brazil. The common feeling was that the Alliance would center its attention on the more developed South and the drought-stricken Northeast, but would extend no farther. The Ambassador pointed out continuously that the program was meant to be on a national scale, thus of course, | | | DEPARTMENT OF STATE BUREAU OF INTER-AMERICAN AFFAIRS OCT 9 1962 R. Gordon | | |
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including the North, and that priority had only been given at this time to the Northeast because of that region's especially serious economic and social conditions. It was necessary to emphasize again and again that the Alliance is a plan based on cooperation and that the initiative for specific projects depended on Brazilians. It was found that ideas for projects were abundant in all places but that carefully studied and prepared plans for them were most scarce.

Little interest was shown in knowing the Ambassador's opinions in international affairs outside of the Latin American scene. Thus with the emphasis at all time on Brazilian-American relations, the Ambassador had the opportunity to clarify, explain, and question aspects of those relations. He left the North better informed of the policies of the United States and eager to cooperate as partners in the Alliance for Progress.

The Ambassador's party on the trip consisted of Mrs. Gordon; Miss Anne Gordon; Mr. Robert Gordon; Mr. Hugh Gordon; Hoyt Ware, Deputy Country Public Affairs Officer; Harry Weiner, Second Secretary of Embassy (Brasilia); Col. Robert Kalb, Air Attache; Col. Henry Lucas, Assistant Air Attache; Robert W. Mashek, Vice Consul (Belém); and two aircraft crewman.

The following is the itinerary by place, date, and hour, with remarks considered helpful in understanding the significance of each occasion.

II. BELÉM, PARÁ

Wednesday, August 29

1315 Arrival in Belém. The Ambassador and his party were greeted by the personnel of the Consulate and the civil and military officials of the state. After a review of the troops of the First Air Zone, the official group was driven into the city to the Consulate residence.

1500 Meeting with the Mayor of Belém, General Luís Geolés de Moura CARVALHO, and his cabinet. After the exchange of greetings, the Mayor discussed with the Ambassador the present problems of Belém, in particular his interest in supporting the malaria eradication program and improving the city water supply system.

1530 Joint meeting with the military leaders: Brigadeiro Francisco de Assis BORGES, Commander of the First Air Zone; Major Jarbas PASSARINHO, Chefe do Estado Maior of the Eighth Military Region; and Captain Gualter MAGALHÃES, Acting Commander of the Fourth Naval District. The Chefe do Estado Maior of the First Air Zone gave a half-hour lecture on the operations of the Brazilian Air Force in the Amazon Valley, mentioning only in passing the defense aspect, emphasizing its role in the process of civilizing and developing the primitive regions where it has outposts; the latter is known as the "tri-name operation," i.e., Indian, missionary, and airman. At least monthly flights carry food, medicine, and various equipment to religious missions in the outlying areas where the Air Force provided the only means of transportation and communication with the outer world. By means of this one life-line, small centers of civilization are created in the depths of the interior. The Ambassador's attention was called to

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Their need for more small aircraft to intensify their work.

1630 Meeting with the Governor of Pará, Dr. Aurélio Correa de CARMO, and his cabinet. After an exchange of greetings, there was a brief discussion of the problems of Pará, especially that of drainage in the city of Belém and of agricultural production.

1700 Press conference at the Consulate. Present were representatives of the newspapers and radio stations of Belém. Outside of one question on Berlin, the interview was limited to affairs which bear directly upon Brazilian-American relations. During the interview, the Ambassador had an opportunity to speak on the following: the educational objectives of the Alliance for Progress; the immediate benefits of the Alliance and the primary role of Brazil in assuring early successes; the nation-wide application of the Alliance, including states such as Rio Grande do Sul which has demographic leadership; and the role of the Alliance in building a foundation for a just social order which will in turn assure stable democratic government. The Ambassador lamented the fact that the political crisis in Brazil during the Alliance's first year has prevented the concentration of forces necessary for the kind of cooperative effort basic to the program. Thus to specific questions on plans for energy and transportation, the Ambassador answered that there were not as yet national plans because national planning had been impeded by the political situation. The interview was broadcast live in the Belém area.

1830 Meeting with labor leaders at the headquarters of the Federation of Industrial Workers of Pará. The meeting was presided over by Valdemiro FRANÇA, Federal Delegate of Labor of the region. The Ambassador opened the meeting with brief remarks on his interest in labor and on the Alliance for Progress. To subsequent questions, he assured the labor leaders that the Alliance included medical assistance and aid to agriculture. The question of Project No. 19 (loan to the Banco de Crédito da Amazônia) and its refusal was brought into discussion, and the Ambassador said he would investigate the matter. The president of the Federation of Rural Associations of Pará requested, through the Alliance, trucks, tractors, fertilizers, and powdered milk to support agricultural development. In general, there was expressed a great desire for closer contact with American labor unions, the Labor Attache, and the general American way of life by any means possible. Mr. França, in his closing remarks, stated for the information of all present that Ambassador Gordon was the first ambassador to visit the labor headquarters and to speak to the labor leaders. From the point of view of the United States, this meeting was a success in every respect.

2000 Dinner offered by the Governor of Pará at his residence. About 150 of the highest officials in the state and their wives were present. Toasts were exchanged between the Ambassador and the Governor, the latter reading a eulogy of the United States, the former speaking impromptu of the struggle toward universal human liberty and dignity.

Thursday, August 30

0900 Visit to the Museu Paraense Emílio Goeldi. Fernando NOVAES, acting director of the museum, conducted a tour of the archeological exhibits

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and the live plant and animal displays.

1000 Visit to the Binational Center. Director J. Stanley Cook and President of the Board of Directors Dr. Achilles LIMA conducted a tour of the Center and drew the Ambassador's attention to the limited facilities.

1030 The Ambassador presented the keys of 12 trucks and 15 jeeps to Dr. Antonio MELO, Chief of the Malaria Eradication Campaign. The Ambassador expressed his great satisfaction at being able to participate in an event which demonstrated concrete results of the Alliance for Progress. He again called attention to the cooperation and the Brazilian initiative needed and cited as a further example the case of a group of medical students from Santarém now in their sixth year of studies in the Faculty of Medicine at the University of Pará, who volunteered to help during the malaria epidemic in Santarém. The Ambassador promised to investigate the possibility of sending Peace Corpsmen to work with them. (A week before the Governor of Pará had tried to gain credit for the appearance of these vehicles on learning of them from the Ambassador's official program. He published an official notice in the newspapers expressing his support of the Campaign and announcing the arrival of the vehicles as a result. The Ambassador's presentation received far wider publicity--and credibility.)

1130 Meeting at the Consulate with the Governor of Pará and the Mayor of Belém. The major topic was Pará's project for electrification and the desire of state officials to arrange a guarantee for international financing since the loan application was stalled in MID. Attention was also called to the problems of water supply, agriculture, and drainage, but no plans were presented for their solution.

1245 Stag luncheon offered by the Mayor of Belém. Present were members of the state administration, the hierarchy of the Church, and the business community. (At the same time Mrs. Gordon was the guest of honor at a luncheon offered by the Service League, a charitable organization of women from various nations, who later gave Mrs. Gordon a tour of their clinic.)

1500 Meeting with the students of the University of Pará. Rector José da SILVEIRA Neto presided and opened the meeting by expressing his desire for an active student exchange program. The Ambassador joined him in his enthusiasm for such a program and briefly spoke on the student's responsibilities of work and study. The question-and-answer period brought again inquiries into the Alliance for Progress, in two cases specifically, regarding the Brazilian merchant marine and the development of hydro-electric energy on the Tocantins and the Gurupi Rivers. Time had run out at the moment when provocative questions were at hand, and the Rector drew criticism in the left-tending Jornal de Dia for closing the meeting at that point.

1630 Meeting with the Consulate and USIS staffs. The Ambassador expressed his hope that there would be greater cooperation and a more spontaneous exchange of information between the Embassy and this Consulate, the most isolated in Brazil, in spite of difficulties in communications and transportation.

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1700 Joint meeting with the Commercial Association, the Rotary Clubs, and the Lions Clubs. In his major speech of the visit, the Ambassador traced the history of the Alliance for Progress to date and compared the first year's disappointments to those of the Marshall Plan, those of the former made more acute by the year-old political crisis and the accelerated inflation in Brazil. He stressed the importance of promoting foreign capital in development and pointed out that if faced with "arbitrary limitations or with the sterilization of reinvested capital," the investor would look elsewhere for better opportunities. The speech was received with enthusiasm at the moment, and was followed by a request for the Ambassador to inquire into the rejection of Project No. 19, a proposed loan to the Banco de Crédito da Amazônia.

2000 Reception given by the Vice Consul in Belém. Present were state and city officials, community leaders, and the consular corps.

Friday, August 31

0700 Departure from Belém; airport farewell by local officials.

III. MANAUS, AMAZONAS

Friday, August 31

1130 Arrival in Manaus. Greetings by the Governor and review of the state military police.

1330 Luncheon offered by the Governor at the Rio Negro Palace. Present were the top officials of the state government. The Governor, Gilberto MESTRINHO de Medeiros Raposo, expressed his dissatisfaction with the actions of the national PTB leaders and his interest in sending students to the United States, offering his own private plane for the purpose if the Department of State would arrange a program for their stay. (One such trip was realized last July when 26 engineering students from Belém and Manaus visited Miami, Washington D.C., and New York.)

1530 Meeting with the State Legislative Assembly. Speaking in the name of the House, Deputado Oliveira welcomed the Ambassador and eulogized the United States and its aid programs. The Ambassador, in his address, cited the historical links between the Amazon Valley and the United States dating from 19th century cooperative explorations and the persistent energy of the people of Amazonas. He briefly described the Alliance for Progress and expressed confidence that better and more concrete results would soon be apparent especially when the political stigma in Brazil was resolved. The Ambassador's speech at one point was interrupted by a loud-speaker car blaring on the adjacent street. The far-left leaning President of the Assembly, Arlindo PORTO, ended the meeting by saying that the Ambassador was most welcome, as any other would be, from any country, of any race or creed.

1630 Informal meeting with the members of the Commercial Associations. This group had been planning a luncheon for the Ambassador, but cancelled

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it, fearing reprisals from the state government. Jacob MENOLIEL, President of the Commercial Association, opened a general conversation on the problems of capital and industry in the region. A loud-speaker car also interrupted this meeting. The Ambassador was shown the Association's industrial museum.

1800 Visit to the Binational Center. President of the Board of Directors, Ruy ALENCAR, showed the Ambassador the present installations and described plans to buy a larger building at the cost of CR\$10,000,000,00 if FL 180 funds could aid in the purchase.

Saturday, September 1

0900 Call on Dom João de Souza LIMA, Archbishop of Manaus. The Archbishop expressed great concern with communist agitation among the workers and students and inquired into the possibilities of receiving more Food for Peace for Manaus in view of the recent influx into the city of jobless people from the interior.

0930 Call on the Acting Mayor of Manaus, Nelson RODRIGUES. Brief greetings were exchanged, and the Ambassador was presented with an album of photographs of Manaus.

1100 Call on the Commander of the Border Patrol, General Augusto César de ARAGÃO. In an exposition similar to that of the Air Force in Belém, the General explained the Army's operations in defense and "work of civilization" at isolated outposts on the international borders.

This call, scheduled at an earlier hour, was delayed by an effort of the state government to remove it from the Ambassador's schedule. Immediately before the scheduled time, the government representative who was accompanying the Ambassador and his party told Vice Consul Mashek that he had cancelled the call after a discussion with the Ambassador. The Ambassador, on being informed, denied that he was a party to any such decision and insisted that the call be made since the General was a legitimate official in the city. The government representative then admitted that there was some friction between Governor Mestrinho and General Aragão and quickly excused himself from accompanying the party on the call. Later the General did not admit to having received any telephone call from the Governor's office. Apparently the conflict between the two men, reached a climax the very night before, August 31, when General Aragão went personally to break up a street fight between partisans of the PTB and the PSD, in which 18 persons were wounded. It happened that Governor Mestrinho, also hearing of the violence, personally appeared on the scene and accused the General in rather vulgar terms of usurping powers which properly belonged to the state police; he repeated his accusation in an official note published the next day in the Manaus newspapers.

1530 Press conference. The Ambassador gave to the reporters a detailed explanation of the organization and operations of the Alliance for Progress.

1730 Meeting with despachantes. The leader of the group explained an unprepared plan in which all of the despachantes of Manaus would form

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an organization with a bank for the deposit of revenues, allowing buyers 60 days for the payment of merchandise, in effect after their sale of the merchandise; the bank would be in need of initial financing to get under way. The Ambassador suggested detailed planning and submission to COCAP.

1900 Reception offered by Vice Consul Mashek in the apartments of the Amazonas Hotel. Present were officials and businessmen of the city of Manaus.

Sunday, September 2

0900 Boat trip on the Rio Negro and Solimões Rivers with the following steps:

1. The Manaus oil refinery, owned by Isaac Benoyan SABBÁ, superintended by Herman WEISER, an American who conducted the tour. The refinery is now at its maximum capacity production of 5,000 barrels daily, and is supplying Amazonas and Pará, shipping quantities also to Fortaleza and Recife. Crude oil for the refinery is obtained from Peru and Venezuela.

2. An experimental farm of the Legião Brasileira de Assistência with the red, white, and black flag of the PTB waving over the thatched headquarters. Small scale experiments are being performed with rubber trees, vegetables, and cattle.

2030 Visit to the Electrical Company of Manaus, tour conducted by President Aderson DUTRA. The plant, to have been inaugurated on September 9, will bring electrical light and power to Manaus for the first time in many years and will provide the power necessary for its industry. The directors brought to the Ambassador's attention the need for refinancing the power plant. According to the present contract with Westinghouse, it has 8 years to pay, the first 3 being of grace during construction. They seek a loan with payments over a period of 15 to 20 years.

2100 Cocktail party at the home of Noel S. Bowmer, the American Consular Agent. Among the guests was Alberte ROCHA, PSD candidate for senator from Amazonas.

Monday, September 2

0900 Visit to the Amazonas Theater, a turn-of-the-century landmark of the lavish spending of the rubber barons.

1000 Visit to the Palace of Justice, another example of the riches of the rubber boom.

1145 Meeting with former Point IV grantees. Junat Carlos FREUERICO, leader of the group and a state deputy, expressed the group's keen interest in maintaining close contact with the United States in general, other grantees in the area, and the AFL-CIO and in receiving current information on grants available and on the labor course offered at the University of Chicago.

1300 Lunch with Craig Smith, Professor of Engineering at the University of California. Professor Smith described the project with which he was

working in conjunction with the University of Fortaleza: a group of professors and students from the University of California spent June to August in southern Ceara studying the possibilities of establishing small industries and encouraging Brazilians to form corporations to finance and run them. The results were that 5 small industries were being started. Professor Smith was in Manaus exploring the possibilities of doing the same work there.

1500 Inauguration of the new USIS headquarters. In a simple ceremony the Ambassador untied the ribbons at the entrance of USIS's new center for distribution of films and various publications. On this occasion Carlos RIBEIRO, manager of Agre-Industrial do Amazonas Ltda., spoke to the Ambassador of his willingness to provide free transportation for Brazilian students to the United States on the company's ship (Manaus-Savannah run) if the Department of State would arrange a program for the students' stay within the country.

1630 Visit to the Institute de Pesquisas. As the name indicates the institute is a center of research, in biology and geology.

1700 Tour of the city conducted by the Governor of Amazonas. The Governor, driving his own Thunderbird, showed the Ambassador some of the works completed during his administration (refrigeration-storage plant, supermarket, hospitals, health centers, paved streets, etc.) especially those in the poorest sections of Manaus. The alum sections were particularly chosen for the choruses of applause the Governor knew he could draw from every doorway--and he did. "I must play the role of governor," he admitted as he waved to all who passed. On this occasion, he repeated his offer to send students to the United States on his own plane.

1930-2230 Meeting with the students at the Casa do Estudante, which had Fora Gordon (Get Out, Gordon) signs painted on its outer walls. The President and the Vice President of the Students' Union welcomed the Ambassador and briefly but energetically called for a frank and open discussion. In his opening remarks, the Ambassador took up and answered five points of misunderstanding that exist in the thinking of some Brazilians. They were: 1) that the remittance of profits to the exterior is the cause of Brazil's underdevelopment; 2) that through a conspiracy the highly industrialized nations set a low price on Latin American exports while they maintain an excessively high price for their own manufactured exports; 3) that inflation in Brazil is caused by international exploitation; 4) that Brazil is politically suffering from United States imperialism; and 5) that there are gross misconceptions about life within the United States (e.g., that the great trusts govern the country, the workers are exploited, and the Negroes are still enslaved). The Ambassador closed his remarks by calling for an active student exchange.

The question and answer period that followed had been organized well in advance by the leftist leaders. The president called on the speakers who prefaced their questions with short demagogic speeches and drew rounds of applause from the students present. A sampling of the questions is as follows: Why is the United States getting rich at Brazil's expense? Why have American companies in Brazil exported enormous profits? Why did the

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Alliance for Progress appear at the moment when United States-Cuban relations worsened? Where does Soviet imperialism exist in Latin America? Why is the United States trying to help Brazil, its largest consumer? If American companies do not exploit Brazil, why do they have to advertise so much? Why did the United States at one time allow Bolivian exploitation of Acre's rubber production?

The Ambassador's factual and even-tempered answers helped to maintain an air of order in the house, in spite of occasional exchanges of insults among the student factions. The results of the meeting are rather difficult to assess. The objectivity with which the Ambassador approached every question was indeed enlightening, but how many minds were receptive to enlightenment cannot even be estimated.

Tuesday, September 4

IV. RIO BRANCO, ACRE

Tuesday, September 4

1000 Arrival in Rio Branco. Greetings by Governor Anibal Miranda FERREIRA da Silva, civil and military authorities, and the townspeople. From the airport the party proceeded to the headquarters of the Fourth Border Patrol for an inspection conducted by the Commander, Captain Eysler Brenha CHAVES. Then there was a brief inspection of the state government's experimental farm when the culture of rubber trees and vegetables is being tested. The Governor then offered a luncheon at the palace of the state.

The major interest expressed by the acrianes was the completion of BR-29 through to Rio Branco and beyond to link with the Pan American highway.

1330 Departure from Rio Branco.

V. PORTO VELHO, FEDERAL TERRITORY OF RONDÔNIA

Tuesday, September 4

1630 Arrival in Porto Velho. Greetings by Governor Milton LIMA, governmental officials, and the townspeople.

1700 Visit to the Falls of Samuel, located about 60 kilometers east of Porto Velho along the BR-29. On this spot the government is considering the possibility of building a hydroelectric plant.

2030 Reception offered by the Governor. Speaking on a live radio broadcast, the Governor heartily welcomed Ambassador and Mrs. Gorden, eulogized the United States and the Alliance for Progress, and saluted American womanhood in the person of Mrs. Gorden. The Ambassador replied expressing his pleasure at being in Porto Velho and citing the Alliance as being the basis for cooperation and friendship between Brazil and the United States.

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Wednesday, September 5

0715 Visit to the electricly plant, to have been inaugurated on September 7.

0730 Ride on the Madeira-Mamere Railroad. The Railroad, running from Forte Velhe to Guajara-Mirim on the Belivian border, is the principal artery for the shipment of crude rubber to Forte Velhe for processing.

0830 Visit to the rubber processing plant.

During the visit, the officials of Rondonia made known that they were considering the following plans for the Alliance for Progress: a) a sewage system for Forte Velhe; b) water supply system for Forte Velhe; c) the completion of BR-29; d) completion of the airport originally planned for international travel; e) expansion of the present electricity plant; f) pavement of the streets of Forte Velhe; g) equipment for a 100-bed hospital.

0930 Departure from Forte Velhe.

VI. CONCLUDING REMARKS

In spite of inadequate communications (e.g., telegrams take 5 days to reach Manaus from Belém, and the other two capitals have only long-range radio communications with Belém), the long flying distances, the ardent and sometimes violent political campaigning, and the rather strong communistic infiltration among students and laborers, the visit was accomplished without an unpleasant or dangerous incident. Largely due to his contact with various sectors of life in each city, the Ambassador did not receive public criticism even in the leftist press. Potential problems such as the estrangement between the Governor of Pará and the Mayor of Belém and the attempt by each to dominate the Ambassador's schedule or the desire of the Governor of Amazonas to use the visit for political advantage were resolved before the visit. The role of USIS was significant in making the visit a success.

The only visit in the last year and a half that received as much popular attention was that of President Goulart, but the contrast is that the Ambassador's visit gave hope to a generally desperate region and greatly strengthened the position of the United States in the North of Brazil.

Robert W. Mashak
Robert W. Mashak
American Vice Consul

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Enclosures: 1. Various clippings from Belém newspapers.
2. Belém Speech and Remarks to Manaus Students.

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SEP 19 1962

ANALYSIS & DISTRIBUTION
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FROM : Amconsul PORTO ALEGRE

DATE: SEP 11 1962

SUBJECT: PORTO ALEGRE WEEKLY SUMMARY No 22

REF :

1. Local Views on National Situation
2. RGS Election Campaign Developments
3. Governor Leonel Brizola's Activities
4. Miscellany

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Note: At the suggestion of Embassy, Rio, this Weekly Summary will henceforth be submitted in Airgram form. Interested end-users may obtain the previous 21 submissions, made in letter form, from ARA/EST/Brazil desk or INR/RAR/P, in the Department of State. The Summary, containing inter alia, much information on the RGS election campaign and Governor Leonel Brizola's activities, was established with Summary No 1, dated April 13, 1962.

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1. Local Views on National Situation

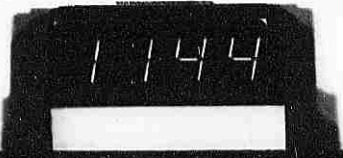
Local reaction to the "esforço concentrado" by the Congress at Brasilia this week, is one of watchful waiting, and in spite of Prime Minister Brochado da Rocha's statements to the press here last Saturday, that the concession of special powers and the acceptance of the Oliveira Brito amendment, would be made issues of confidence, most contacts believe that the Congress will not be willing to succumb to the administrative threats. The same contacts express the view that the statements of armed forces leaders in support of the

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PORTO ALEGRE

maintainance of present institutions will reinforce the resolve of the Congress, if a showdown with President Goulart is forced. Both in the press and in conversations, an indignant attitude is apparent at the Council of Ministers' reprimand of Guanabara Governor Lacerda, for Governor Brizola's pronouncements appear to local observers as much more dangerous to the institutions of the country than Lacerda's. However, one knowledgeable contact seemed more than pleased at what he called the unmasking of "Brizola and company" early enough to be a factor in the Guanabara election campaign. This contact reiterated the oft-heard view that, while Brizola will probably be elected Federal Deputy for Guanabara, he will become merely one of 400 deputies, and that he is much less able in debate than in monologue.

2. Rio Grande do Sul Election Campaign Developments

The Tribunal Regional Eleitoral (TRE) has had an active week in that it has issued instructions on free radio and TV time for political candidates and continued with the formal registration of candidacies in this State. During each of the 2 hours daily on radio and TV, the breakdown of time by parties is as follows: PTB 25 minutes; PSD 13 minutes; ADP (Aliança Democrática Popular, made up of UDN, PL, PRP and PDC) 11 minutes; MTR 6 minutes; PSP 5 minutes; ARS (Aliança Republicana-Socialista) 3 minutes. The major parties appear satisfied with the amount of time at their disposition, but the minor parties have complained bitterly that they have no chance other than to recite the names of their candidates and thus are at a disadvantage to improve their political position in this State.

The candidacies of 6 Army sergeants for Federal and State Deputies have been challenged and the TRE has denied them registration. They intend to appeal to the Tribunal Superior Eleitoral.

The TRE unanimously rejected the challenge of 14 ARS candidacies for the State Assembly. These candidates are alleged to have known Communist connections and were registered by TRE on the grounds that Divisão de Ordem Política e Social (DOPS) did not provide information on their leftist inclinations. Their names are as follows: Alberto Schroeter (city-council PR); Marino Rodrigues dos Santos (city-council PR); Carlos Lima Aveline; Edgard José Curvello; Flávio da Costa Franco; Francisco Carlos Alviç Fico; José Teitelroit; Oneron Dornelles; Ottomar Ataliba Dillenburg; Roque Cruz Vargas; Ulysses Câmara Villar; Vicente Martins Real; Vinício Piffero Cavalcanti Tabajara and Walter Graeff.

Ferrari's MTR has published figures on polls taken in three cities in the Southeastern part of the State, which show him to be winning the election, as follows:

| <u>City</u> | <u>Source</u> | <u>Ferrari</u> | <u>Meneghetti</u> | <u>Michaelson</u> |
|---------------------|---------------|----------------|-------------------|-------------------|
| Porto Alegre | Marplan | 39% | 22% | 22% |
| Pelotas | radio | 264 | 175 | 150 |
| Rio Grande | press | 199 | 110 | 61 |
| S.Vitoria do Palmar | press | 79 | 25 | 16 |

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Another straw vote taken in the Banco do Brasil branch in Porto Alegre showed the following results: Ferrari 243; Michaelson 115; Meneghetti 75 and 35 blank ballots. That Ferrari should be shown as leading in urban areas is not surprising, as this has been his main area of strength. However, in assessing his chances of victory, it should be remembered that the rural vote, particularly the "colonia" area, has usually determined the outcome of the gubernatorial race.

Recent PTB paid press propaganda, begins to show some degree of desperation as it attacks the persons of Meneghetti and Ferrari rather than their ideals, and impugns their moral principles. The CP/B, leftist splinter group of PCB on the other hand sums up its attitude toward the three candidates as follows: Meneghetti already had a chance as Governor, and did nothing to resolve the people's problems; Michaelson is a banker, and tied to the reactionary FARSUL; Ferrari is an ambitious, unprincipled politician, linked with the Church. CP/B's advice: vote in blank.

One of the Consulate's USIS motion picture operators has returned from a three-week tour of the Northern "colonia" area. He reports that sentiment for Meneghetti continues strong there, with Ferrari running second and Michaelson a poor third. Betting odds are 2 to 1 that Meneghetti will garner more votes than the MTR and PTB candidates combined.

3. Governor Leonel Brizola's Activities

After a stormy week in Rio Governor Brizola returned to Porto Alegre, accompanied by Prime Minister Brochado da Rocha, just in time to attend the Independence Day parade. He seemed grim of mien rather than his usual smiling self. During his Friday night radio broadcast he was abnormally mild, speaking only for 20 minutes rather than the usual 2 hours.

Prime Minister Brochado da Rocha, who returned to Brasilia via Presidential aircraft Saturday evening after a short rest here, gave a press interview in which he distinguished between Brizola's statements in Rio as against Lacerda's activities. He said that Brizola, in Rio, is merely a Brazilian citizen running for Federal office outside the exercise of his governmental functions, while Lacerda as Governor is renewing the climate which led to the suicide of Vargas in 1954. In his apologetic for Brizola, he said that he could not consider as subversive to democratic institutions, the man who desires to return sovereignty to the Brazilian people in order that it make decisions regarding the destiny of the nation.

PL State Deputy Paulo Brossard, a chronic and effective Brizola antagonist, spent the week in Rio publicizing the shortcomings of Brizola's administration of RGS in an attempt to impede the Governor's candidacy in Guanabara.

Restrained, in comparison with his diatribes in Rio last week, Brizola gave his first press interview since his return to Porto Alegre but did attack Lacerda, saying that he is supported openly by the elite,

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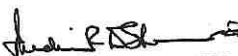
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economic groups, the U.S. Embassy, and the majority of the large Rio news media. The Governor will remain here during the "esforço concentrado" of the Congress, September 10 through 15.

4. Miscellany

a. The military parade on September 7 was attended by Prime Minister Brochado da Rocha, Governor Brizola and the military hierarchy in RGS except for Pery Bevilacqua who is taking over II Army-São Paulo today. The reporting officer was surprised by the quantity and condition of the light armor and automatic weapons displayed and, although they are obsolete by our standards, they could be a determining factor in this country. The State Brigada Militar, according to reports, has improved in equipment during Brizola's administration.

b. Rumors of a nationwide strike in order to force the hand of Congress have appeared in the press, but the Regional Labor Delegate and certain labor leaders, including the Movimento Sindical Democrático, have pronounced against the use of a strike for political purposes.


Frederick D. Sharp III
American Consul

cc.: Consular Affairs, Rio
Political Section, Rio
Political Section, Brasilia
ARA/EST/Brazil, Washington
INR/RAR/P, Washington

Department: Pass to all posts in Brazil.

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NO. HANDLING INDICATOR

TO : Department of State 1962 SEP 13 AM 7 59

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
10/5/77
SEP 21 1962

FROM : Embassy, Brasilia Office DATE: September 11, 1962

SUBJECT: President Goulart Extols Nationalism to Non-Commissioned Officers Club

REF : *EST/B*

Enclosed is a translation of the official summary of an address made by President Joao Goulart on August 25, Soldiers' Day, to nearly 8,000 sergeants and higher non-commissioned officers of the Armed Forces, Military Police, and Firemen of the State of Guanabara. The address is of more than ordinary interest since it defines more clearly the President's position on Brazilian nationalism and sets forth a discernible line which he first enunciated in his Paraiaba speech last July and subsequently in a brief address to the nation September 7, Independence Day. Very briefly the thread in these and other recent pronouncements is that Goulart will lead the country to find Brazilian solutions for Brazilian problems, largely with its own resources, rejecting solutions from the extreme right and extreme left. In the process Brazil will achieve its complete economic independence.

In selecting the non-coms as his audience Goulart was consistent. He doubtless saw himself cast in the role of the man of the people talking to the less privileged in the Armed Forces, on the subject of two of Brazil's great heroes (or at least heroes of the Brazilian Labor Party) the Duke de Carias, Brazil's great military hero of the last century who is always honored on Soldiers' Day, and Getulio Vargas, "friend of the underprivileged and scourge of the elites". Cautious as ever, on the other hand, Goulart covered his rear by bringing along with him his military ministers and several other generals including ex-War Minister Teixeira Lott, a long time friend of the sergeants.

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the sergeants.

A new historical parallel was announced by the President: the affinity of the Duke of Caxias and the late President Vargas. Both understood that love is greater than hate and neither would compromise when high national interests were at stake.

More important, perhaps than Goulart's historical parallels, were his statements on Brazilian nationalism. They were made in the context of continuing the work of the two "giants" of Brazil and as corollary of the thesis that the Brazilian people want Brazilian and not foreign solutions. The President rejected those who (doubtless meaning the rightists) combatting "foreign doctrines seek to impose upon us solutions as prejudicial as those they say they are combatting". Brazil wants, he said, solutions which, "if not those of the extreme left, will also never be those of the extreme right, since both would subordinate us to interests contrary to those of our country".

The President toward the end of the speech observed that Brazil would have to win its economic independence, (one of his favorite themes), in order to prevent "the fruit of our labor, our efforts and sacrifices to be used for the benefit of other countries". He established his martyr's role with the sentence: "This is the Brazil we want", and he went on, "I want to make it very clear...because it is common for those who defend Brazilian solutions for Brazilian problems to be daily attacked. Certain proclaimers of extra-legal regimes yesterday, today feel they have the right to unfurl the flag of legality, which flag they did not know how to honor in the past".

The speech was generally received with mild applause. Conservative O Estado de São Paulo headlined its story "Goulart declared himself against any form of extremism in the country". Correio de Manhã's editorial note, while lamenting that actions (the presence of Communists in the administration) speak louder than words, took the speech as an effort by the President to quiet concern in the higher ranks of the Armed Forces by declaring his essentially moderate ideology before the non-coms.

The reaction of the press, however, is a relative matter and is probably most noteworthy precisely because the speech was considered to be mild in tone. It may have comforted some who fear the President's inclination to work with Communists in the trade union movement and asserted leftists in other important posts in the Administration, as signs of his own leftist ideology.

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But while the

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But while the speech pretty obviously indicates non-Marxist thinking, it shows an otherwise discouraging (for better U.S.-Brazilian understanding) attitude toward Brazil's national problems and means of meeting them; to say nothing of ignorance of the economic facts of 20th century life.

In a very real sense the speech, besides being strongly nationalistic in tone, is demagogic in nature. Yet hearing Goulart talk privately and reading his numerous public utterances, the conclusion cannot be escaped that he believes most of what he says. He doubtless if reluctantly understands the need for foreign financial assistance, the usefulness of the Alliance for Progress and foreign investment for Brazil's development, but all these things for him, have a certain degree of humiliation attached to them since they mean complying with certain conditions before becoming available. Little concerned with and understanding poorly the inter-dependence of nations in today's world, he is probably sincere when he speaks with fervor of economic independence and Brazilian solutions for Brazilian problems with little regard for international cooperation.

It is a commentary on the times in Brazil that a nationalistic exhortation so discouragingly barren of responsibility and statesmanship should receive even mild praise from conservative newspapers. On the other hand, sprawling Brazil where regions even today command stronger loyalties than the nation, is passing through a stage of nationalism which most developed countries outgrew generations ago. It may well be, therefore, that Goulart's repetitive words of glorification of country, family, and God will be judged by Brazilian posterity even more favorably than they have been by his contemporaries.

For the Ambassador:

Philip Raime
Philip Raime
Counselor of Embassy
for Political Affairs

Enclosure: *att*
Translation of Official Summary
of Address by President Joao Goulart.

DISTRIBUTION: All consulates in Brazil; AMB, DCM, Service Attaches, USIS, Econ (2), POL I (5), POL II, Labor, CF (3), Brasilia (5).

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Brasilia Office

Translation of Official Summary of President Goulart's
August 25 Speech to Non-Commissioned Officers

President Goulart mentioned the emotion he felt on viewing that "extraordinary spectacle" and compared the unity which he observed there among the sergeants of all Arms with the unity which he said exists among the armed forces, the military ministers and commanders of all units.

He went on: "I wish to say to the sub-officers, sub-lieutenants and sergeants of our armed forces that I complied with my duty even as Vice-President of the Republic when I fought with all energy to bring to reality old, deeply felt and just aspirations of sub-officers and sergeants; I complied with my duty when I fought at the side of the eminent Marshal Teixeira Lott for the law giving stability after 10 years to sergeants. In so doing we did nothing more than was deserved by recognizing the justice of that demand.

"I will continue Messrs. sergeants, Messrs. sub-officers, to comply with my duty, now with the responsibility of being in command at a difficult time in the destinies of our country. If the brave sergeants could count upon the support of the Vice-President of the Republic they can be certain that they have the loyal and free collaboration of the President for their new and just demands which constitute legitimate aspirations of sergeants and sub-officials".

Further on the President said: "I wish also to congratulate the armed forces for its role during the extraordinary times in which we live. Just a little while ago a sergeant of the Brazilian Army, Sergeant Fernando Costa, in his interesting talk, referring to the great Caxias said that the sword of the great commander was made for love and not for hate. He referred also to a great Brazilian who during 20 years, also without hate, directing the destinies of this great country saying that "only love constructs for eternity"."

"In truth the sergeants should, as the armed forces of our country always have, be aware of the symbol and the reality of that brave commander (Caxias) who in the most difficult moments through which our country lived knew how to act with respect, serenity and confidence. In the same way that statesman (Vargas)

who for many years

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who for many years afterwards directed the destinies of Brazil, knew how to bring understanding, harmony, and peace to the conquest of the high ideals of our people. But both Caxias and Vargas if they were capable of serenity and love were also capable of firmness and patriotism. If they knew how to compromise in favor of understanding and harmony, they never gave way when the high interests of national unity, the supreme interests of the Brazilian people were at stake. I am certain that the armed forces, guardians of the vital sentiments of our people, will not compromise when the same interests are at stake."

After affirming that, "We want to continue the struggle of these giants for a Brazil ever freer, ever stronger, a Brazil ever more of its sons", Joao Goulart declared:

"Still very much alive within us are those extraordinary words spoken by the Duke of Caxias, 'Whoever be Brazilian, follow me'. Caxias wished to express the sentiment of those who are Brazilian not simply because they were born in Brazil but because they love our country and wish to help it along the road to the future".

"The Brazilian people desire Brazilian solutions and not solutions foreign to our problems. Nor will they accept those who pretending systematically to combat foreign doctrines, seek to impose upon us solutions as prejudicial as those they say they are combating. The solutions which we desire, if not those of the extreme left, will also never be those of the extreme right since both would subordinate us to interests contrary to those of our country. What we want is to continue the road of Brazil for Brazil.

"We Brazilians are capable of finding our own ways, our own solutions. A country which is proud of Armed Forces such as ours, a country which witnesses a spectacle such as this where the ministers of War, Navy and Air are proud to congratulate the sergeants and sub-officers is a country capable of finding its own destiny".

Continuing the President said, "Our immense riches should always be distributed for the benefit of the Brazilian people. We will never permit the fruit of our labor, our efforts and sacrifices, to be used for the benefit of other countries. We must gain

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must gain our economic emancipation. This is the Brazil we want -- I want to make it very clear, Messrs. sergeants, because it is common for those who defend Brazilian solutions for Brazilian problems to be daily attacked. Certain proclaimers of extra-legal regimes yesterday, today feel they have the right to unfurl the flag of legality which they did not know how to honor in the past.

"The Brazil we want is the Brazil for our family, for our sons, the Christian Brazil which lives in the heart of the people, of the Brazilian families. Brazil, above all, Brazilian. I know that it is hard to defend with idealism a country where there are so many persons disguisedly or openly (furthering) interests foreign to our country".

On ending his speech Joao Goulart declared that he was not there to receive but rather to render homage in the name of the Brazilians to the sub-officials, sub-lieutenants and sergeants of the Armed Forces "who so dignify the ideal of Caxias".

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TO : DEPARTMENT OF STATE

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DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
SEP 24 1962

FROM : Amc. nsul RECIFE

DATE: September 11, 1962

SUBJECT : Senatorial Race in Pernambuco: Candidacy of Pessoa de Queiroz

REF : Weekly Summary No. 10, A-22, dated September 3, 1962

The Consulate General wishes to expand upon statements made in the referenced Weekly Summary under Political Item No. 1, Political Campaign Developments. Reference to FRANCISCO PESSOA de QUEIROZ as the PTB candidate may have been confusing and deserves further explanation. Pessoa de Queiroz is one of the two PTB senatorial candidates, the other being JOSE ERMIRIO de MORAES. At the same time, however, he is also the sole senatorial candidate of the PRT, the PR, the PRP, the MTR and the UDN and is generally touted as a cinch to win. Actually, in his case party affiliation is of only tertiary importance, his campaign being conducted on the basis of his own strength and following and not that of any one party. None of his campaign posters or announcements refer to him as "the UDN candidate" or as "the PTB's man", but rather as "Pernambuco's Candidate for Senator." The interesting thing to note is that earlier in the campaign he seemed to be leaning toward the ARRAES camp and to be emphasizing his PTB candidacy above that of the other parties. He soon moved away from Arraes, however, and seems to be now identifying himself increasingly with the CLEOFAS camp, and by so doing, to be projecting himself more and more as primarily a UDN candidate. It is known that he has never been sympathetic to Arraes, ideologically, his early involvement with the Arraes camp being dictated at that time by the practical consideration that Arraes seemed sure to win the governorship.

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Amconsul RECIFE

Pessoa de Queiroz deems it safe to chummy up to Cleofas indicates he has judged that Arraes is no longer in a strong position.

With Pessoa de Queiroz generally accepted as a sure winner, only one Pernambuco senatorial chair remains to be filled. Educated guesses give it either PTB candidate Jose Ermirio de Moraes or the PSD candidate JARBAS MARANHÃO. Though Ermirio de Moraes was felt to be very much in the lead until a few weeks ago, he may have now lost his edge to Jarbas, his lost ground probably resulting from his identification with Miguel Arraes whose stock is taking a marked dip. Ermirio de Moraes is campaigning more aggressively than Jarbas, however, and may yet cross the finish line first.

Given below is a list of senatorial candidates and their party affiliation:

CANDIDATES ALREADY APPROVED AND REGISTERED BY THE ELECTORAL TRIBUNAL

1. Francisco Pessoa de Queiroz UDN (see also below)
2. MIGUEL MENDONÇA PRP
3. Jarbas Maranhão PSD (incumbent Senator from Pernambuco)
4. ANTONIO NOVAIS FILHO PL (incumbent Senator from Pernambuco)

CANDIDATES STILL TO BE APPROVED AND REGISTERED (At this point only a formality)

1. Jose Ermirio de Moraes PTB (see also below)
2. Francisco Pessoa de Queiroz PTB (see again below)
3. F. Pessoa de Queiroz PRP, MTR, PR, PRT
4. BARBOSA LIMA SOBRINHO PSE
5. Jose Ermirio de Moraes PST, PTM

D. Eugene Delgado-Arias
per WBS

D. Eugene Delgado-Arias
American Consul General

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RM/R files

DEPARTMENT OF STATE

Memorandum of Conversation

CONFIDENTIAL

DATE: September 12, 1962

SUBJECT: Brazilian Political Situation

PARTICIPANTS: Ambassador Roberto de Oliveira Campos of Brazil

Mr. Edwin M. Martin, Assistant Secretary of State for Inter-American Affairs

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EST - 2
Ambassy Rio de Janeiro
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In a general discussion of the Brazilian political situation with Assistant Secretary Martin Ambassador Campos made the following comments among others: Goulart had told him that he did not wish the return of the presidential system of government for reasons of personal ambition or because of desire to be a dictator. He was willing to accept a compromise, e.g. along the lines of the U.S. presidential system where individual cabinet members rather than the cabinet as a whole are approved by the Congress and may be impeached. He felt that the presidential system was the one best suited for Brazil. The parliamentary system had not worked well; it had given ministers a vested interest, and difficult situations were created whenever a minister or ministry were changed.

Ambassador Campos was optimistic about the prospects for a reasonable and moderate solution of the present political crisis. He thought an agreement could be worked out regarding a plebescite. The demand for an October 7 plebescite was a bargaining position and would not be acceptable to the Congress any more than an indefinite date would be acceptable to the Executive. The President preferred a plebescite on October 7; his next preference would be some date before the installation of the new Congress but he would be willing to accept the April 15 date.

Ambassador Campos believed the elections would take place and that the results would be to strengthen the moderate center groupings. He thought there was a danger of the election of a too conservative Congress not sufficiently persuaded of the need for reforms. Political polarization of anti-communist sentiment might result in resistance to reform.

Ambassador Campos stated that while the nationalist left had been strengthened and some of its objectives were being exploited by the communists, the communist party itself was weakened and divided and there was no danger of its obtaining control.

Ambassador Campos expressed the opinion that ex-Foreign Minister Azevedo supported the elections in which he would probably win, did not consider the question of presidential versus parliamentary government as vital and himself was ambitious.

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to be Prime Minister. He also expressed the opinion that Quadros might well win the governorship of São Paulo, that Arraes had apparently lost his initial advantage in the contest for governorship of Pernambuco, and that the Catholic Church particularly its women groups was active and effective in the electoral campaign.

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FROM: Rio de Janeiro - CORRECTED COPY

TO: Secretary of State

NO: 583, September 12, 11 A.M.

Following From Brasilia

Chamber early this morning approved (by vote 184 to 66) so-called Capanema law (Embassy telegram 576), which requires President, upon fall of Cabinet, to nominate "provisional" Council Ministers until such time as new permanent Council formed within legal precepts parliamentary system. Passage this bill obviously intended strengthen Congress hand in present struggle with President over plebeacita issue by robbing him of one of his strongest weapons -- i.e. power to force Council to resign and thus deepen present crisis due consequent necessity -- under present law -- that Congress remain in session until new Council Ministers approved. Though Chamber passage not definitive (since must be followed by Senate action and Presidential approval) is indication hardening positions on both Congressional and Presidential sides present struggle during past 48 hours.

Vote on this bill confirms earlier indications of quorum adequate for passage constitutional amendment, (i. e. 218 votes) should disputants finally reach compromise agreement.

GORDON

Approved by RMR

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Following From Brasilia

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RMR

Chamber early this morning approved (by vote 184 to 66) so-called Capanema law (Embassy telegram 576), which requires President, upon fall of Cabinet, to nominate "provisional" Council Ministers until such time as new permanent Council formed within legal precepts parliamentary system. Passage this bill obviously intended strengthen Congress hand in present struggle with President over plebescite issue by robbing him of one of his strongest weapons -- i.e. power to force Council to resign and thus deepen present crisis due consequent necflzi firi* under present law -- that Congress remain in session until new Council Ministers approved. Though Chamber passage not definitive (since must be followed by Senate action and Presidential approval) is indication hardening positions on both Congressional and Presidential sides present struggle during past 48 hours.

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GORDON

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*As received. Correction to follow.

(#)Omission. Correction to follow.

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September 12, 1962

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FROM: Rio de Janeiro

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TO: Secretary of State

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RMR

NO: 587, September 12, 3 p.m.

PRIORITY

Following from Brasilia

Embassy telegram 583.

(1) Herbert Levy, President UDN, in conversation this morning with British Ambassador and Raine confirmed crisis has taken new and perhaps more serious turn..

(2) He said that passage Capanema bill (Senate expected complete action today) should make it impossible for President easily create crisis. He thought that President could not veto measure without laying himself open to charges of illegal plans.

(3) UDN willing to vote for Brito amendment only, however, under strict terms August 17 agreement which could mean that plebiscite would be limited to issue of one form parliamentarianism vs. another and not as had generally been understood parliamentarianism vs presidentialism (Embassy telegram 576). PTB now opposes measure in this form.

(4) UDN having come to conclusion (a) President not to be trusted and should not therefore have powers increased, and (b) that Party wants parliamentary system retained so Congress can elect President, will fight any agreement which permits plebiscite on parliamentary vs presidentialist issue.

(5) Levy said PSD leaders are in basic agreement with UDN position but admitted PSD not as united as UDN.

(6) UDN has REPRODUCTION FROM THIS COPY IS PROHIBITED UNLESS "UNCLASSIFIED"

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-2- 587, September 12, 3 p.m. from Rio de Janeiro

(6) UDN has decided to vote against any further delegation of special powers to Cabinet on grounds those already granted have not been used.

(7) Levy foresees possibility resignation Cabinet if agreement on plebiscite not reached and possibility crisis so serious at least to postpone elections. Said UDN leaders visited yesterday by War Minister Nelson de Mello who without threatening or demanding pointed out fear deterioration situation to point civil war if power crisis not satisfactorily avoided. War Minister who also talked in similar vein other party leaders had come from meeting with President. Nelson de Mello referred to general strike threat called for September 15 if strike committee demands announced September 10 including plebiscite not met. Despite effort labor leaders give impression they are pressuring President and Cabinet as well as Congress, which point apparently made by Nelson de Mello, Levy nonetheless sees strike threat as controlled by President.

(8) Levy undoubtedly represents UDN's extreme wing and doubtful any UDN Party members willing as he let situation reach extreme stage. While UDN can maintain legal correctness its position Party's unwillingness allow matter be referred popular vote weakens its position. Much of Congress fully aware this fact. However whether there are enough deputies willing compromise with President order avoid threat "civil war" to push through satisfactory agreement requiring two-thirds vote remains to be seen.

GORDON

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DEPARTMENT OF STATE

AIRGRAM

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AIR PRIORITY

HANDLING INDICATOR

TO : DEPARTMENT OF STATE 1962 SEP 13 AM 8 35

ANALYSIS & DISTRIBUTION
GROUP

DATE: September 12, 1962

FROM : Amcongen SÃO PAULO

SUBJECT : Weekly Summary No. 37

REF :

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
SEP 19 1962

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POLITICAL

1. Moura ANDRADE Criticizes GOULART's Silence on Profits Remittance

President Goulart neither vetoed nor signed the profits remittance bill recently passed with nationalistic amendments by the Federal Chamber, but bucked it to Senate President Auro Moura Andrade for promulgation. The Senator signed it in his São Paulo residence on September 4, claiming that he had no other legal choice. The President's failure to act, said Moura Andrade, amounted to exactly the same thing as sanction; if Goulart found shortcomings in the bill, he should have

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used his power of partial veto. The President appeared to hold the incorrect supposition that "his silence /in this and many similar recent cases/ implies a total absence of responsibility for the laws which he does not promulgate, but sanctions by silence."

The São Paulo Federation of Industries has gone on record again as strongly opposing those provisions of the new law which act to discourage foreign capital investments. (It will be recalled that some members of the Federation were instrumental in obtaining the passage of the original nationalistic profits remittance bill. See São Paulo Despatch 172 of December 20, 1961). (OFFICIAL USE ONLY)

Comment: Moura Andrade's criticisms amount to an interruption of the honeymoon he has enjoyed with Goulart ever since his ill-fated Prime Ministerial interlude. (See São Paulo Airgram A-45 of August 29, 1962.) (LIMITED OFFICIAL USE)

2. CARVALHO PINTO Speaks Against Agitation

In one of his very rare speeches on national topics, São Paulo Governor Carvalho Pinto did "not understand the destructive delirium of the debates... which try to wave ghosts and make menaces.../on election eve/." "What interests all of us is the normal conduct of the elections," which "sterile debate" prejudices. "São Paulo is not absent from national matters.... What São Paulo does is to refrain from perturbing, from agitating.... I warn those who may intend to subvert constitutional order that São Paulo and its governing powers will not fail their duty of defending our free institutions." (UNCLASSIFIED)

Comment: The speech was partly a slap at Guanabara Governor Carlos LACERDA, who recently accused his São Paulo colleague of being so interested in local political affairs that he neglected his national duty. The placid São Paulo Governor obviously considers Lacerda overexcited. Just the same, Carvalho Pinto was goaded into admitting that there might come a point when he would stop chewing his cud. Many Paulistas think the point should have been reached. Diario de São Paulo -- a member of the powerful Chateaubriand chain and normally pro-Carvalho Pinto -- called him an ostrich. Estado de São Paulo lavishly praised Lacerda and said little about Carvalho Pinto, though continuing to back his chosen gubernatorial candidate strongly. The São Paulo Governor is conciliatory by nature and, probably, by conviction that his 1965 presidential aspirations require staying on good terms with Goulart. There is no doubt that his mild attitudes have worked out well in the past. But they have never previously caused criticism on the present scale. (LIMITED OFFICIAL USE)

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3. "Liberation Declaration" Meets Communist Goals

Communist Novos Rumos has now published the "Declaration" of the "First National Liberation Congress" held in São Paulo August 21-24. The Congress, as reported in Weekly Summary 35, was a dismal flop, failing to attract any significant non-Communist attendance. One guesses that the "Declaration" was approved in advance by an obedient audience and written later, following normal Communist procedure. It makes no pretense of maintaining the gesture toward neutrality made in the original "National Liberation Front" Declaration (Despatch 136 of October 24, 1961), which wanted Brazil to be neither "a colony of the United States nor a satellite of the Soviet Union." The new declaration is directed exclusively at "North American imperialism." It asks for expulsion of "monopolistic foreign capital in general and North American in particular...adopting a policy of commerce with all regions of the world, especially with the socialist nations." It reflects concern with the Alliance for Progress: "Let us not delude ourselves with programs of supposed 'aid' like the 'Alliance for Progress'...." It sees "prohibition of remittance of profits abroad" as "only an 'initial step in the process of getting rid of monopolistic foreign capital.'" It asks for "respect for the Cuban revolution" and "a foreign policy in favor of peace and of complete and universal disarmament."

Novos Rumos claims that this one hundred percent Communist Declaration "fixes the principles and objectives of the National Liberation Front," which remains to be seen. For that matter, it remains to be seen whether there is still a National Liberation Front. (LIMITED OFFICIAL USE)

4. Gubernatorial Race Continues Close

In a two-hour television talk, Governor Carvalho Pinto summed up the record of his four-year "Plan of Action" for economic development. It is not clear whether anyone listened to the whole presentation, but the voters seem convinced -- correctly -- that the outgoing Governor made maximum use of his resources. Following up on the Governor's presentation, administration candidate José Bonifácio NOGUEIRA ("the Dauphin," for his adversaries) later gave a lengthy television debut to his projected Second Plan of Action. It is even bigger than the first, promising some 130 projects and an expenditure of 847 billion cruzeiros (about one and a quarter billion dollars at the current free market rate of exchange). Its principal goal, backed by a significant 36.5 percent of its finances, is to better human living conditions through schools, housing, and health projects. Only a very small portion of the Plan

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counts on foreign financing. As a colorless candidate up against two extraordinarily picturesque politicians, José Bonifácio probably finds his best reason for optimism in the hopes aroused by the Second Plan. His staff members are beginning to believe that this is reason enough: they are finally exuding real confidence. They are probably correct in believing that their man is winning votes away from Adhemar de BARROS.

Jânio QUADROS, however, still appears sincerely convinced that he is ahead. One recent reputable poll shows José Bonifácio leading (Weekly Summary 36), so Jânio promptly bought one of his own. It was patently a fake, but a poll by the reputable (as these things go) "Brazilian Institute of Public Opinion and Statistics" -- IBOPE -- also shows Jânio leading Adhemar and José Bonifácio in the city of São Paulo by 36 percent to 30 to 21. Jânio is almost certainly ahead in the city, perhaps even by as much as IBOPE claims, but the best bet is that the poll again went to highest bidder. Be that as it may, and even allowing for Quadros' relative weakness outside the city, he is very strong and not yet getting any weaker.

Adhemar has fought back with some interesting statistics of his own, demonstrating that he need only hold his 1958 gubernatorial vote to win against even moderately divided opposition. His reasoning is good if indeed he can get most of the votes he did on his last try -- and his campaign has given him no real discouragement on that part.

Sensible political observers are not trying to outguess the barroom gamblers, who reportedly refuse even odds on any of the gubernatorial candidates and accept even odds against any of them with glee. (LIMITED OFFICIAL USE)

5. More Communist Candidacies Thrown Out

The Regional Electoral Court barred three Federal Deputy candidates from running last week, holding that they were members of the illegal Communist Party (Weekly Summary 36). Eleven candidates for State Deputy have now been declared ineligible on the same grounds. Three are incumbents running for reelection: Francisco Luciano LEPERA, Miguel Jorge NICOLAU (both PTB), and José Rocha MENDES Filho (formerly PTB, now PSB). Five are new PTB candidates: Mário SCHEMBERG, Lúcio Tenório de LIMA, Osvaldo LOURENÇO, Lazaro Paulino MAIA, and Irineu de Oliveira PRADO. Three are new PSB candidates: Manuel Ferreira da SILVA Filho, Wigand Rodrigues dos SANTOS, and José TAVARES Neto. All will probably appeal. (UNCLASSIFIED)

7 PTB + 4 PSB

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Comment: Some of the above are candidates sponsored by Brazilian Communist Party (PCB) and some are Communist free-lancers. All except Tavares Neto are probably either Communists or close sympathizers who participate actively in Communist affairs. If the court decision sticks, the Communists should be severely handicapped. So should the PTB, which was host to all of the official PCB candidates. Some of those declared ineligible would have increased PTB vote strength significantly. The State Legislative Assembly stands to profit: the incumbents barred from re-election were active and noisy, exercising influence greater than their numbers would indicate. (LIMITED OFFICIAL USE)

6. Anti-Communist Groups Active in Campaign

São Paulo Communists are much less active in the present electoral campaign than in most others in recent years, as has previously been reported (Weekly Summary 35). Anti-Communist, "democratic action" groups, on the other hand, are much more active. The several groups of this kind which have sprung up since Quadros' resignation are working on various projects, not all of them overt. Among the visible efforts is the Family Electoral Alliance's list of a great many candidates who have pledged adherence to its principles. Another example is the rash of posters showing two school children writing on a blackboard: "Daddy -- vote for a democrat to keep me free tomorrow." (OFFICIAL USE ONLY)

Comment: On the balance, these groups' actions should have a favorable effect. There are certain unfortunate aspects, however. As the only gubernatorial candidate who makes a point of being anti-Communist, Adhemar de Barros stands to gain from the rise in anti-Communist sentiment. (LIMITED OFFICIAL USE)

7. Laudo NATEL Ahead for Vice Governor

The race for Vice Governor continues much as described in Weekly Summary 27 of July 3, the only important change being that Laudo Natel has pulled clearly ahead of José Vicente de FARIA LIMA. The rest of the candidates are still just taking up space on the ballot. Natel is the candidate of the Republican Party (PR), a member of the administration electoral alliance. He and his party probably originally wanted the official support of the entire alliance, but the Governor and José Bonifácio apparently preferred to hold the position open for a party with more bargaining power than the small PR. The Consulate General is now informed that the shoe is on the other foot, with the Governor offering alliance backing and the candidate turning it down. Natel believes that he already has the administration vote, and he is making definite inroads into the followings of Jânio Quadros and Adhemar

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de Barros. Adhemar fights this tendency and plugs for Teotônio Monteiro de BARROS Filho, but Jânio is typically willing to give Natel tacit encouragement and let Faria Lima shift for himself, after having first taken him for all he is worth. It is in Quadros' interest to get along with the Vice Governor, since if elected he surely intends to spend much time on national politicking. Natel, likewise, must see little sense in betting on one horse when he can just as cheaply bet on three nearing a neck-and-neck finish. Natel's victory is not entirely assured -- many voters are still undecided about the dull vice governorship -- but it is close to it. From what is known of his entirely non-political career to date, he promises to be a safe and centrist office holder. (LIMITED OFFICIAL USE)

PSYCHOLOGICAL

4. Local Press Reaction

Brazil's boiling political pot garnered a number of editorials this week. Writers had a field day with Rio Grande do Sul Governor BRIZOLA's inflammatory radio/TV speech attacking American Ambassador Gordon, Brazilian Ambassador to the U.S. Roberto CAMPOS, and calling for dissolution of Brazil's Congress. All newspapers but Goulart-lining Correio Paulistano and leftist/nationalist Ultima Hora condemned Brizola in strong terms. The latter two approved of Brizola's position in general but could not support his attacks on the ambassadors. Editorialists were also interested in Guanabara Governor Lacerda's strong anti-Government speech, and the Government's answering warning. Editorial opinion tended to criticize both Brizola and Lacerda as extremists and troublemakers; several felt that the Government's note of censure should have had a different address: Brizola's. Only prestigious O Estado de São Paulo strongly supported Lacerda.

Cuba received extensive editorial treatment this week, especially in regard to Russian military assistance. All papers but one considered the situation perilous and the U.S. position as correct. The dissenter, Ultima Hora, reminded readers that U.S. military bases surround the Soviet Union and that the Russians and the Cubans have the sovereign right to trade arms.

The Profits Remittance bill returned to Congress by Goulart without signature (Item 1), received attention. All papers but -- once again -- Ultima Hora condemned the bill in its present form, called for revision. Folha de São Paulo summed up the general feeling: "We are taking the risk of limiting investments, not remittances."

The Latin American Free Trade Association (LAFTA) called forth a number of editorials, uniformly favorable. "A new era for those identified

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with the possibilities and hopes of the Western Hemisphere," said Diário de São Paulo. Folha de São Paulo saw rejection by member nations of Cuban participation in LAFTA as a tacit condemnation of Fidellismo.

Several newspapers treated of the Alliance for Progress' important role in the ideological battle: survival of the Communist doctrine in Brazil depends on failure of the Alliance -- and vice versa. (UNCLASSIFIED)

Daniel M. Braddock

Daniel M. Braddock
Minister Consul General

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NO. CONFIDENTIAL
TO : Department of State
DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
SEP 20 1962
FROM : Amembassy RIO DE JANEIRO
DATE: September 12, 1962
SUBJECT : Foreign Minister Dantas' Defense of Foreign Policy
During May 1962 European Visit
REF

1962 SEP 18 AM 7 58
ANALYSIS & DISTRIBUTION
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The Brazilian press gave prominent coverage to then Foreign Minister San Tiago Dantas' visit to Europe in late May 1962. Jornal do Brasil, which at the time acted almost as the official spokesman for the Foreign Office, published an interview with Dantas, purportedly given during his flight from Rome to Israel. Most of the text of that interview, in translation, is attached. The excessive work-load that the understaffed Political Section of the Embassy has been carrying has prevented earlier reporting of the interview. It is reported now as still being significant.

In effect, the interview is an effort to justify Dantas policies before Brazilian public opinion. Dantas states that although Brazil pursued her own international course under his leadership she was not "identified as belonging to...the so-called neutralist nations" but earned "growing prestige...and spontaneous acceptance on the part of the most informed statesmen and their peoples". Moreover, he claims, relations with the United States were not weakened by Brazil's independent policy but, on the contrary, during Goulart's visit to the United States were demonstrated to have become "continually closer, under the insignia of independence, with the state which is the leader of the democratic world". Also worthy of particular mention is Dantas' statement that "underdevelopment...has been determined, in great part, by the exploitative process" and that "there is, therefore, in international aid, an element of indemnization for damages caused".

Dantas' successor Afonso Arinos has been somewhat more moderate in his purveying of the "independent" line. Nevertheless, Arinos was the first Brazilian Foreign Minister (under Quadros) to be identified with the policy. There is no reason to believe that he has abandoned his main precepts or drawn appreciably away from them. Nor may it be expected that his successor will, or that matter any Foreign Minister appointed

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Airgram No. A-315
Page 2

by João Goulart.

For the Ambassador:



Frank Micelotta
Third Secretary of Embassy

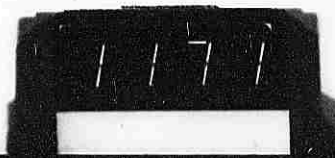
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Jornal do Brasil Interview with
Foreign Minister San Tiago Dantas, May, 1962



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Enclosure 1
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Rio de Janeiro

Translation of Interview Given JORNAL DO BRASIL By
Foreign Minister San Tiago Dantas

Sr. San Tiago Dantas whose interview was granted to Jornal do Brasil's special correspondent during the airplane trip from Tel Aviv to Rome, affirmed that structural, social, economic and political reforms for the country--beginning with agrarian reforms--should be made with the greatest possible rapidity in order not only to repress revolutionary impulses but also so that Brazil might effectively utilize international financial help and contribute with more authority and more weight, by means of its independent foreign policy, toward world peace.

The Foreign Minister said that his trip to Poland, to the Federal German Republic and to Israel had great importance "in the process of defining Brazilian foreign policy":

"It was the first time that a Brazilian Foreign Minister has visited a country in the Socialist area, or the state of Israel, where a political experiment of great repercussion on the contemporary international order is being conducted. I believe that after these visits we will find more effective routes toward the expansion of our commerce with the Socialist countries and toward our technical cooperation with Israel.

"The visit to Germany", continued Sr. San Tiago Dantas, "also permitted the clarification of basic points in our attitude toward the European Common Market, and the establishment of certain /basic understandings/ indispensable to the intensification of German cooperation in our hemisphere. In all these visits I could observe the growing prestige of Brazil's foreign policy and the spontaneous acceptance on the part of the most informed statesmen and their peoples of the international position which we have taken vis-a-vis the two political military blocs in which the world of today is divided.

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"In reality", he continued, "what would be surprising would be the absence of a great country like Brazil from /discussion of/ world problems, or its failure to have its own attitude in the processing of their solutions. For a long time Brazil considered itself interested only in those problems of a regional character, preferring to adopt, in relation to the remainder of the problems, a position of simple, passive support of the leadership of the West.

"This attitude", the Foreign Minister observed, "is incompatible with our present responsibilities. Because of its cultural, economic and democratic character Brazil ought to play a positive role in the solution of problems which affect other peoples, also because, in the short or long range view, directly or indirectly, these problems have impact and repercussions on Brazil and especially on the future of its people.

"It is surprising", Sr. San Tiago Dantas declared further on, "that a small part of Brazilian public opinion still follows the absenteeist attitude of those who remain faithful to the conviction that Brazil does not have its own interests or its own will and should only play a subordinate role on the international scene.

"Outside our country one observes the natural acceptance of our attitude of independence. I would even say, without exaggeration, that our attitude is greeted with hope. The world expects from us a policy free of factionalism and petty interests, capable of lending prestige to a sense of justice indispensable to the peaceful development of relations between people. Everywhere there is confidence in the international activism that Brazil is beginning to develop.

"In no country are we identified as belonging to a rigid bloc or even to that of the so-called neutralist nations. What is felt is that we have decided to exercise an institutional right to act according to our own opinion in pursuit of our own interests, which happily are not opposed to the general interests of humanity. Brazil is privileged in that its national interests coincides with the interests of the world, united in the strengthening of peace and rapid economic and social development of the underdeveloped nations.

"The affirmative acts which gave international projection to this position and which gave it, in a few months, a definite character, in chronological order, were the following: The re-establishment of relations with the Soviet Union, which demonstrated our intention of breaking out of the isolation in which we were living and of accepting, without disloyalty to our democratic principles, that of co-existence with all peoples, irrespective of the regimes they choose and of the ideological camps in which they are located. Second: The attitude of Brazil at the Conference of Punta del Este, where in a specific case of world-wide, not merely regional interest, we defended the principle of self-determination and the thesis of co-existence, at the same time that we proved our loyalty to the standard of legality as the supreme criterion in international life.

"Third: Our attitude in the Disarmament Conference, at which we did not place ourselves in the intimate but passive position of listener

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to the dialogue of the great nuclear powers, to lend simple ideological and political support to either one of them, but tried to bring our active collaboration to the debate, pointing out paths which can lead to reciprocal concessions without reduction of security and without the least risk to peace or to support for democratic government.

"Fourth: The visit of President Joao Goulart to the United States, which demonstrated to the skeptics and to the intriguers that the foreign policy of Brazil did not tend toward any weakening of our relations which become continually closer, under the insignia of independence, with the state which is the leader of the democratic world. Those who accuse us of having changed the international policy line of Brazil, breaking with its traditions, etc., do an unmerited injury to Brazilian men of public life who in the past fixed the most constructive attitudes of our country. The policy of the Baron of Rio Branco was independent, placing the interest of Brazil above the controversies of his time.

"Rio Branco and Rui Barbosa did not hesitate to brave the viewpoints of the great powers at the Peace Conference of 1907, defending the principle of equality among all nations. And the most glorious vote of Brazilian diplomacy was the vote we managed to cast at that Conference. The reactionaries, the retrogrades who seek to condemn and even ridicule the independent policy of Brazil would certainly seek to ridicule and condemn those statesmen of the past if they had the audacity to do so. I do not doubt the sincerity of some of these critics, but I believe that they are not up-to-date, that they do not understand the present situation of Brazil, and that they believe our country is a nation of no great importance, which ought to have a foreign policy which is timid though skillful in the art of gracefully asking for the aid without which we cannot live.

"They preach a policy of supplication that not infrequently becomes a policy of doltishness. Brazil truly needs aid but what is new in today's world is that everybody needs aid and that without international cooperation no social, economic or political problem will find a solution.

"We must also remember that the underdeveloped people, among which we are still to be placed, have acquired a full awareness of the fact that their underdevelopment is not the result of historical fatality or of national or racial incapacity but has been determined, in great part, by the exploitative process, and that the economies of the countries producing raw materials are submissive to conditions of commerce with the industrialized countries. There is, therefore, in international aid, an element of indemnization for damages caused. This thought is common to the most informed groups in the underdeveloped countries as well as to those in the fully industrialized countries.

"One of the most positive aspects of today's international, and especially inter-American life, is the understanding that one notes in the United States of the role that international cooperation ought to play. Thanks to that, the Alliance for Progress will be possible. It /The Alliance/ depends on full respect for the right of the Latin

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Enclosure 1
~~Foreign Affairs~~
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American countries to plan their own development, to select the programs that deserve priority, and to carry out such programs with their own technicians and administrators. The first of the great agreements of the Alliance for Progress was conceived in this spirit, establishing the basis for cooperation by the United States with the Brazilian program of development of the Northeast."

Foreign Minister San Tiago Dantas continued by stating that Brazil ought to sign other agreements, believing that this will be done within a few days. Conceived in these terms, the Alliance for Progress can and must be considered the most advanced form of Pan-Americanism, Sr. San Tiago Dantas emphasized, stressing that foreign policy today in various countries, including Brazil, has a pioneering role.

"At a time in which the solution of problems has come to depend, to a growing extent, on international considerations, it is natural that foreign policy should indicate new directions, make suggestions, and create conditions favorable to the processing of solutions. It would be absurd, therefore, for foreign policy to constitute an isolated factor in government.

"The other administrative areas should be mobilized in order that Brazil may translate into internal policy that which foreign policy is capable of offering and transmitting...

"The two great objectives of Brazilian foreign policy are, in the first place, the defense of world peace, and in the second, the economic development of our country, to be speeded up by international cooperation and by the expansion of external commerce. This is being planned and carried out in accordance with the policy of maintaining national security.

"At every opportunity the making and maintaining of contact with the highest military authorities has been sought. Between foreign policy and the policy of maintaining national security there exists a complementary relationship. Working for world peace we are contributing to the preservation of national integrity. Everybody knows the axiom that war is a continuation of diplomacy by other means.

"In a country, like Brazil, without expansionist ambitions and without aggressive intentions, diplomacy and the Armed Forces blend into each other and intertwine in the same yearning for peace, solidification of democracy, economic and social development. Thus, the function of diplomacy is that of working for the strengthening of peace, secure in the feeling that in the event other means are exhausted, the Armed Forces will assume the responsibility for the defense of the country.

"On the other hand, in order to expand commerce, foreign policy has the mission of opening new areas and markets, but it is imperative that national production and the monetary conditions in which exportations are processed assure an effective fusion of markets and services for the countries with which we are capable of sustaining commerce. In order to obtain advantageous international cooperation within the framework of the Alliance for Progress or other programs of cooperation, our

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Enclosure 1
Page 5
A-315

policy has the task of creating the necessary understandings. But it is indispensable that the country prepare itself to receive and reciprocate cooperation and to obtain real advantage from it without losing control over our own development...

"Carrying out reforms," Foreign Minister San Tiago Dantas concluded, "we will block subversion, stimulate development, and give Brazil a stronger, more authoritative voice in the discussion of international problems."

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59
INCOMING TELEGRAM

Department of State

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Control: 10159

Rec'd: September 13, 1962
6:56 p.m.

43
Action
ARA

Info

FROM: Santos

SS TO: Secretary of State

SR NO: 6, September 12, 4 p.m.

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ACTION RIO DE JANEIRO 4, INFORMATION DEPARTMENT 6, BRASILIA 5,
SAO PAULO 1.

Alfred Dickinson, general manager Agencia Maritima Dickinson South America's largest shipping agency told Consulate 12th that leading police official stated Carvalho Pinto sanctioned sending personnel Forca Publica pursuant Mayor Gomes plea because Carvalho Pinto convinced Santos lost to his gubernatorial candidate Jose Bonifacio. Pinto convinced laboring class support Janio would enable him carry Santos (Consulate agrees). Pinto apparently felt that strong stand in support moderate PTB Mayor Gomes who supports Bonifacio would be more than offset by gains among intellectuals, middle and more thoughtful laboring class members elsewhere in state. Part two follows.

FILE

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RMR

FROM: Rio de Janeiro

TO: Secretary of State

NO: 601, September 13, 6 PM

PRIORITY

FOLLOWING FROM SALVADOR REPEATED YOU "PRIORITY 70 SEPTEMBER 12, 5 PM SIGNED KEYSER."

RIO REPEAT BRASILIA.

Reference: HBR-3088 September 11.

In conversation with Consul this afternoon, Governor Magalhaes gave his opinion that resignation of Brochado Rocha this time would be designed prepare way illegal seizure power by Goulart. Has heard from Fourth Army that coup is planned for period September 15-16, in conjunction with general strike. Goulart would be supported by Commander First Army, Commandant Marine Corps, Air Force. Other military and political leaders would oppose him. Commander First Army does not have support his Division Commanders. Juracy spent last few days in Rio de Janeiro prior his September 8 departure nor campaigning, but consulting military leaders. Nelson de Mello said he would act to prevent general strike, arresting leaders if necessary. Juracy himself has ticket return Rio de Janeiro September 15, but will await developments and might remain here if necessary. General Souza Aguir, Commander Sixth Military Region, with him, as well Colonel Mario Eppinghaus, Commander Salvador Air Base. Admiral Quintanilha, Commander Second Naval District, absent, but Magalhaes anticipates support of district. Has already issued orders to State Secretary Public Security Trindade (as received) Communist leaders here if coup attempted.

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-2- 601, September 13, 6 PM From Rio de Janeiro

Says Lacerda is in exposed position militarily, and Magalhaes sought obtain promise Air Force Lacerda from Rio de Janeiro should occasion arise. Lacerda has stated will die at post as example to nation.

Magalhaes does not believe that Goulart, in face of military and political arrangements made to date, will be successful in any coup attempt, and recognizes that counter-coup measures may suffice to stop action. If Goulart tries and is unsuccessful, he will not be allowed to continue as President. Magalhaes thinks such outcome might almost be best for nation.

Governor promised keep Consul informed developments".

GORDON

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|--------------------------------|------|------|---|--|--|---|--|--|
| ORIGIN SECTION ARA-4 | | | DEPARTMENT OF STATE AIRGRAM | | | 732.00/9-1362 XR 732.111 FOR RM USE ONLY | | |
| RM/R 2 | REP | AF | No. A-26 | | | CONFIDENTIAL | | |
| ARA | EUR | FE | TO : Department of State | | | HANDLING INDICATOR 1962 SEP 13 11 07 53 DEPARTMENT OF STATE BUREAU OF INTER-AMERICAN AFFAIRS SEP 20 1962 | | |
| NEA | CU | INR | INFO: RIO DE JANEIRO, BRASILEIANS | | | DATE: September 13, 1962 | | |
| E | P | IO | FROM : Amconsul RECIFE | | | SUBJECT: Elections: Pernambuco Governatorial Race: Miguel Arraes' Stock Admitted to be Low | | |
| L | FBI | WID | REF : | | | 732-RM/R 9/24-20 62 | | |
| AGR | COM | FRB | In a conversation on September 11 between an officer of the Consulate General and a Recife newspaperman who works with MIGUEL ARRAES' campaign headquarters, the latter admitted with surprising candor that Arraes' race for the governorship is faltering. His remarks (see enclosure) are especially significant, coming as they do from a person who is closely tied in with the Arraes camp, who has a very real stake in seeing Arraes win (he wants a job), and who has on all previous occasions exuded absolute confidence in Arraes' victory. This is the first admission the Consulate General has received from a member of the Arraes forces that the Mayor's chances in the October 7 elections are no longer good. As such it marks a significant turning point. | | | | | |
| INT | LAB | TAR | Also of marked interest were comments made by the newsman indicating that there is no love lost between Arraes and PTB senatorial candidate JOSE ERMIRIO DE MORAES (a fact long rumored), and, further, that Ermirio de Moraes is not helping Arraes as much financially as he had promised, or as much as the latter would like. | | | | | |
| TR | RMB | AIR | D. Eugene Delgado-Aris American Consul General | | | | | |
| ARMY | CIA | NAVY | Enclosure: <i>Watt, M. M.</i> 1. Memorandum of Conversation | | | | | |
| OSD | USIA | NSA | CONFIDENTIAL | | | | | |
| 12 | 8 | 3 | FORM 4-62 DS-323 | | | | | |
| RM/RM/AG | | | | | | FOR DEPT. USE ONLY <input checked="" type="checkbox"/> In <input type="checkbox"/> Out | | |
| Drafted by: W3Smith:ag | | | Contents and Classification Approved by: | | | | | |
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1180

CONFIDENTIAL

Page 1
Enclosure 1
No. A-26
Aucensul RESIFE

MEMORANDUM OF CONVERSATION

Place: American Consulate General, Recife Date: September 11, 1962

Subject: Miguel Arraes' Declining Political Stock

Participants: Ubirajara Cruz, Assistant Editor of Ultima Hora, active worker in Miguel Arraes' political campaign and until three weeks ago Assistant Chief of the Office of Public Relations for the Mayor.

Wayne S. Smith, Vice Consul

Mr. Cruz called at the Consulate General on September 11 saying that his paper, Ultima Hora, planned to run a special edition during President Kennedy's visit in Recife. He requested that the Consulate General furnish them with biographic information, photographs of the presidential family, etc.

After agreeing to provide such material, if available, the reporting officer asked Cruz how Arraes' campaign was progressing. On every previous occasion Cruz has been extremely enthusiastic, confident, and only too willing to tell anyone who would listen that Arraes was a sure winner. This time, however, he could only shake his head and admit that things were going poorly indeed. The problem, he complained, was that the Arraes forces could not compete with the massed phalanx of wealth in the Cleofas camp. He depicted Arraes as an honest, poverty-stricken candidate who was being snowed under by the piles of money "irresponsible landowners" and "reactionary industrialists" were spending on the Cleofas campaign.

The reporting officer pointed out that Arraes had millionaire industrialists in his camp too, e.g. Jose Ermirio de Moraes, who were also spending millions of cruzeiros on the electoral race.

Cruz replied, "Yes, Ermirio de Moraes is unsavory and it's too bad that for political reasons a man like Arraes has to put up with him. It's true that he is spending lots of money,

CONFIDENTIAL

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CONFIDENTIAL

Page 2
Enclosure 1
No. A-26
Amconsul RECIFE

but he spends it all on his own campaign and doesn't help anyone else. If he promises you ten cruzeiros, be sure that you'll never see it, or if you do, you'll find that ten has suddenly become one."

Cruz went on to candidly admit that Arraes' camp are pessimistic, increasingly disorganized, and not certain what they should do in order to reverse the trend. If the elections were held today, he said, Arraes would probably lose. He hastened to add, however, that Arraes still had a chance to recoup his losses during the intervening 30 days before election day. "We still have lots of tricks up our sleeves," he declared (though not with much conviction).

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FR RIO DE JANEIRO

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Action

Control: 10281

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Rec'd: September 13, 1962

Info

FROM: Rio de Janeiro

9:37 PM

SS

TO: Secretary of State

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NO: 612, September 13, 6 PM

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PRIORITY

FOLLOWING FROM BRASILIA.

Prime Minister has requested delay in time scheduled for presentation "important message" (Embassy telegram 608) expecting that special session would be called there for tonight. However, Chamber officers in effort gain time work out compromise have set time for 9:30 tomorrow morning. Whether compromise worked out or not Prime Minister expected either resign or ask for vote confidence which according informed Deputy will be refused.

GORDON

GDM

RIO 6/12

Rmk - see 10/9 - JWA

732.00/9-11-62 2 HR 732.13
Nov 5 9 36 AM '62

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NUMBERED
Control: 11346

Rec'd: September 14, 1962
SEP 14 7:21 P.M. '62

RIO

Info FROM: Rio De Janeiro

SS TO: Secretary of State

SR
G NO: 620, September 14, 6 p.m.

ACTION: _____
INFO: _____
RM/R FILES: _____

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P
USIA War Minister Nelson De Mello, in September 13 open telegram,
NSC sharply censured III Army Commander General Jair Dantas
INR Ribeiro for pronouncement on plebiscite (reference telegram),
CIA saying:

NSA "It for me only, as Army Chief and member Council Ministers
OSD express (military) opinion on subject." Mello also flatly
ARMY contradicted Ribeiros plaint he unable "maintain public
NAVY order in territory".
AIR

RMR Prior Mellos message, I Army Commander Osmino Ferreira Alves
and II Army Commander Peçi Bevilacqua had expressed they in
agreement with Ribeiro. Alves wired him:

"Count on my support under any circumstances." Bevilacqua
wired Mello:

"This command considers apprehensions III Army command
legitimate".

Meanwhile, over 50 generals, including Army Chief of staff
Machado Lopes, Segadas Viana, Sougo De Oliveira, Castelo
Branco, met War Ministry Rio and wired Mello great majority
Army "closing ranks in defense total respect for constitution,
wholly reaffirming its legalist conviction". Mellos reply
reportedly expressed full agreement.

Mellos

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CONFIDENTIAL

-2- 620, September 14, 6 p.m. from Rio De Janeiro

Mello's attitude encouraging but somewhat academic in view resignation of Cabinet last night and reported appointment today of General Krueel as War Minister.

GORDON

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AIRGRAM

732.00/4-1462

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A-321 NO.

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TO : DEPARTMENT OF STATE
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 BUREAU OF
 INTER-AMERICAN AFFAIRS
 SEP 19 1962

1962 SEP 18 AM 7 59

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ANALYSIS & DISTRIBUTION BRANCH

RMB/N-746

FROM : Amembassy RIO DE JANEIRO

DATE: September 14, 1962

SUBJECT : Brazilian Election Highlights September 7-14

REF :

*RMB/R - file
5/24 gwh*

Activity on the election front has been almost nil this week with the political crisis monopolizing both energy and attention. The electoral tribunals have gone ahead with the slow task of ruling on contested registrations and assigning numbers to the federal and state deputy candidates, but with radio and television coverage limited to the two hours per day of free time and most of the leading candidates temporarily absent from the campaign trail, interest in the elections is at low ebb. Although October 7 is little more than three weeks away, many voters are doubtful that there will be elections--and more than a few appear not to care. Thus, in the normal sense there have been no election highlights this past week. As for the influence of the week's events upon the elections, it is far too early to tell, since the crisis is only now approaching its peak.

For the Ambassador:

Ronald M. Schneider
 Ronald M. Schneider
 Political Officer

APPROVED BY:

Niles W. Bond
 Niles W. Bond
 Deputy Chief of Mission

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SEP 24 2 11 PM '62

FORM 4-62 DS-323

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Drafted by: POL:RMSchneider:cm

Contents and Classification Approved by:

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| ORIGIN/ACTION 59 | | | DEPARTMENT OF STATE | | 732.00/9-1162 |
| ARA - 4 | | | AIRGRAM | | FOR RM USE ONLY |
| RM/R | REP | AF | A-27 | CONFIDENTIAL | 1962 SEP 21 |
| ARA | EUR | FE | NO. | | 1962 SEP 21 |
| NEA | CU | INR | TO : | DEPARTMENT OF STATE | 1962 SEP 21 |
| E | P | IO | | | 1962 SEP 21 |
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| RMAN/MCG | - | 1 | FROM : | Amconsul, BELEM, PARA | 1962 SEP 21 |
| AGR | COM | FRB | | | 1962 SEP 21 |
| INT | LAB | TAR | SUBJECT : | Brazilian Elections 1962; Report No. 15 -- The Week Sept. 8-14. | 1962 SEP 21 |
| TR | XMR | AIR | REF | | 1962 SEP 21 |
| ARMY | CIA | NAVY | | | 1962 SEP 21 |
| OSD | USA | NSA | | | 1962 SEP 21 |
| 12 | 8 | 3 | | | 1962 SEP 21 |

DEPARTMENT OF STATE
BUREAU OF ANALYSIS & DISTRIBUTION
INTER-AMERICAN AFFAIRS BRANCH
SEP 24 1962

DATE: September 14, 1962

Campaigning in Para was insignificant during this period while the state's characteristically calm attention was fixed on the national political scene. However, the following two events are felt to deserve notice:

I. Military Influence Regional Electoral Tribunal.

The Regional Electoral Tribunal, Para section, in its meeting of September 12 refused to register the candidacy of Benedito MONTEIRO for state deputy and Raimundo JINKINGS for city councilman, both proposed by the PTB (Partido Trabalhista Brasileiro). The decision of the Tribunal followed upon a denunciation of the two men by the local commanders of the armed forces (Brigadeiro Francisco BORGES, Air Force; General Taurine REZENDE, Army; and Captain Gualter MAGALHAES, Navy). The denunciation included the evidence of 18 documents showing that Monteiro and Jinkings were active communists threatening the national security.

The unions of Para are loudly protesting the decision, having already appealed to President Goulart and to the federal deputies, Armando CARNEIRO, Silvio BRAGA, Ferre COSTA, and Almino AFONSO, to have the military commanders immediately removed. The general public who support the decision in spite of their irritation with the role played by the military are fearful that it will be over-ruled by the Supreme Tribunal and that Monteiro will emerge a well-healed martyr. PTB leadership is calmly confident of victory in the case.

II. Manifest of the Union of Petroleum Workers of Para, Amazonas, and Maranhao

On September 8, the Petroleum Workers' Union published a manifest

FORM DS-323
4-62

Drafted by: RWNashok:ram

Contents and Classification Approved by: RWNashok

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Page 2
Belem A-27

To all workers calling for "radical reforms" and indicating to the electorate the candidates who are specialists in each of these reforms: 1) Defense of the state monopoly of Petrebras (Clise BERNARDO), 2) State monopoly of electrical power and nationalization of all foreign enterprises in Brazil (Glevis Ferre COSTA), 3) Radical agrarian reform, (Benedite MONTEIRO), 4) Establishment of basic industries in the Amazon Valley (Silvio BRAGA), 5) Struggle against foreign capital and its influence on the rising cost of living (Raimunde JINKINIS), 6) Urban and educational reforms (Cattete PINHEIRO).

Laurência M. da ROCHA, candidate for state deputy, challenged the union leaders to a public debate on the manifest, but they declined. The thinking of this union represents a small percentage of public opinion, but is representative of a considerable part of student and labor organizations and frequently enough encountered to elect to public office such at best "ultra-nationalists" as those named above.

Robert W. Mashek
Robert W. Mashek
American Vice Consul

cc: Embassy, Rio de Janeiro
Embassy, Brasilia

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| APR 4 20 | | | DEPARTMENT OF STATE | | | 732.00/9-1462 | | |
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| A-17 | | | OFFICIAL USE ONLY | | | HANDLING INDICATOR | | |
| TO : DEPARTMENT OF STATE | | | DATE: SEP 20 AM 10 55 | | | ✓ W JCS | | |
| FROM : AMCONSUL, Belo Horizonte | | | DATE: September 14, 1962 | | | | | |
| SUBJECT : BRAZILIAN ELECTION 1962 - Supplement Status Report No. 11 for September 6-12, State of Minas Gerais | | | REF : Consulate's Despatch No. 37, June 28, 1962 | | | RM/R-ful 10/3-gwa | | |
| <p style="text-align: center;"><u>Table of Contents</u></p> <ol style="list-style-type: none"> 1. The General Campaign Atmosphere 2. Senatorial Candidacies | | | <p style="text-align: center;"><u>1. The General Campaign Atmosphere</u></p> <p>With the departure for Brasilia of most members of the Congress, as a result of the political crisis, the eyes of the people have turned to the Federal Capital, and the general mood is one of expectation. The pace of the campaign, however, seems hardly undiminished, and a new epidemic of tales of violence or wrongdoing against candidates in the interior of the State is flourishing. Despite the rich crop of this kind of stories, the revelations of violence have failed to fire the popular imagination, in part because of the greater import of the developments in Brasilia and in part because the stories are somewhat unconvincing, originating with Social Democratic elements who claim their party candidates as the victims of National Democratic Union skulduggery. Neither the political crisis nor the pace of the campaign is affecting visibly the general atmosphere of calmness or creating major problems in the maintenance of public order.</p> | | | <p style="text-align: center;">DEPARTMENT OF STATE BUREAU OF INTER-AMERICAN AFFAIRS SEP 24 1962</p> | | |
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Page No.: -2-
From: Belo Horizonte

2. Senatorial Candidacies

The number of senatorial candidates stands now at eight instead of nine as reported in the Consulate's A-14, dated August 31, 1962. Apparently, the Reformist Workers Movement (MTR) candidate withdrew his candidacy. Following is the list of senatorial candidates and their party designation in the order in which their names will appear on the ballot:

1. Incumbent Camilo Nogueira da Gama, PTB
2. Pedro Gomes de Oliveira, FRT
3. José Antonio de Vasconcelos Costa, PL
4. Josaphat Macedo, PSP
5. Tristão Ferreira da Cunha, PR
6. Osvaldo Pierucetti, UDN
7. Carlos de Faria Tavares, PDC
8. Incumbent Benedito Valadares Ribeiro, PSD.

Edmund A. da Silva
Edmund A. da Silva,
American Consul

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RMR

FROM: Rio de Janeiro
TO: Secretary of State
NO: 628, September 14, 6pm

Following from Brasilia

Goulart today appointed Chief Military Household General Amaury Kruehl as "responsible" for (I.E., Acting Chief of) War Ministry replacing ex-Minister Nelson de Mello who reportedly left Brasilia for Rio today without assignment. This move results in (1) removal conservative War Minister who has refused give unstinting support Presidential scheme achieve full power and (2) assures presence top Army post of officer completely loyal to President and his objectives. As Department aware Kruehl tough, uncompromising pro-US, anti-communist officer who has so far been operating as military king-maker in Goulart regime and whose only failing (from US standpoint) is unwillingness to curb Goulart's ruthless drive for power.

For present, Kruehl is retaining position of Chief Military Household.

GORDON

MCA

Submitted by RWG

2

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Control: 11476

Rec'd: September 14, 1962
1962 SEP 15 9:32 P.30

RIO
625

Info FROM: Rio de Janeiro
SS TO: Secretary of State
SR
G NO: 625, September 14, 8 p.m.
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ACTION: *EST/2*
INFD:
RM/R FILES

ACTION DEPARTMENT 625, INFORMATION POLAD CINGARIB 5

*Rm/R - juw
10/9 - juw*

Following from Porto Alegre:
37, September 13, 3 p.m.

USIA
NSC
INR
CIA
NSA
OSD
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RMR

"In spite efforts Brizola and General Jair create impression atmosphere tension exists and masses restive in RGS result apparent unwillingness Congress crack under Jango administration pressure for plebiscite and extraordinary powers general situation RGS quiet and normal except for Third Army and Brigada Militar alert status since yesterday noon, plus untested two-day old dock strike. Caldas Junior press and radio periodically announcing situation normal in attempt counter Brizola campaign of nerves. Jair message to War Minister would be unable maintain order if masses take to streets seems absurd since he clearly has military capability, it being interpreted as obvious move increase pressure on Congress. Not all subordinate commanders agree with Jair. Seen certain Jair not likely act independently of rest armed forces throughout country. Consulate contacts following developments unapprehensively but closely. Sharp."

732.00/8-1462

GORDON

FB-4

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ORIGIN/ACTION

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DEPARTMENT OF STATE

AIRGRAM

732-5519-4462
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A-64 CONFIDENTIAL AIR PRIORITY
HANDLING INDICATOR
XR-732-20
gfm

TO : DEPARTMENT OF STATE

FROM : Amcongen SÃO PAULO DATE: September 14, 1962

SUBJECT : BEVILACQUA Makes Moderate Speech

REF :

On September 11, General Pery Bevilacqua took command of Brazil's Second Army, a São Paulo-based unit of great importance on the present tense political scene. Bevilacqua's speech accepting command was of pivotal interest because of his reputation as a GOULART man and a leftist ultra-nationalist, which made it seem likely that he would aggravate the current made-by-Goulart crisis. He did in fact plug for the parliamentary vs. presidential plebiscite which the President is trying to drag from Congress, but he confined his strongest plea to a separate interview with reporters. He then reportedly suggested that the plebiscite be held on October 7, the date of the national elections. During his formal speech, he discreetly said only:

"May there come about the consolidation of the democratic order which was put in jeopardy by the crisis of August-September of the past year [QUADROS' resignation and Goulart's accession with clipped wings]; may God guide and inspire our legislators now meeting in Brasília for grave decisions, and from their elevated wisdom may there result resolutions which bring relief to the sufferings of the Brazilian people...."

"May their resolutions, in the name of the people, taken under their constitutional prerogatives, be accepted by all, whatever the opinions to the contrary of persons or social groups."

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FORM 4-62 DS-323

Drafted by: DCEProper/lfw 9/14/62 Contents and Classification Approved by:

Clearances:

1195

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A-64

The second paragraph in the above passage seems to express a decision to accept even disagreeable actions by the Congress. This is perhaps the key point, though the General left it clear that he would prefer to have the "crisis of authority" ended by a return of the President's full powers.

General Bevilacqua went on to try to calm those who have suspected him of Communist sympathies: "It is because we have not taken proper pains with the education of our people...that today this Bolshevik aberration constitutes a danger to our democratic institutions." In another passage he repeated, but weakened, his traditional pose that communism is no real threat: "May the neurosis of fear of communism never more darken our minds."

The General alluded to, but played down, his customary anti-Yankee-imperialist stand:

"Authentic political sovereignty is based on national economic power.

"As in the time of the Bandeiras, such an affirmation of nationality will be the only way to break the fetters of an economic servitude to which we are subjected.

"There is a vacant place among the democratic and free countries of the world which we shall only be able to occupy when we complement our political liberty with the indispensable economic liberation."

There was little else of interest in Bevilacqua's long, windy, pedantic speech. The gist of it was that he expressed himself on national political affairs which were none of his business, but with caution; and repeated his leftist/nationalist/pro-Goulart line, but with moderation.

Most of the local press has not yet commented on the General's speech (the editorialists have probably not had time to wade through it). Prestigious Estado de São Paulo (which will wade through anything) gushed, interestingly, with fulsome praise. Estado could hardly have been impressed either with the oratory or the basic line, probably deciding that it was best to try to win Bevilacqua over while his head was still swollen.


Daniel M. Braddock
Minister Consul General

CONFIDENTIAL

1196

September 14, 1962

Dear Senator Magnuson:

This is to acknowledge receipt of your memorandum of September 5, 1962, addressed to the State Department and transmitting an inquiry from Mr. Robert H. Means of Seattle, Washington, regarding Alliance for Progress operations in Latin America, with special reference to Brazil.

Mr. John L. Selter of the Agency for International Development (Room 186 - Extension 7493) would be in a better position than anyone else in the Department of State to furnish the comments you desire. I am accordingly referring your letter to him for further reply.

Please let me know if I can be of further assistance.

Sincerely yours,

F. G. Dutton
Frederick G. Dutton
Assistant Secretary

The Honorable
Warren G. Magnuson,
United States Senate.

RECEIVED

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OUTGOING TELEGRAM Department of State

INDICATE: COLLECT
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Classification

07863

SEP 15 12 28 PM '62

ACTION: Embassy, RIO DE JANEIRO 718

RIO 718

1. In conversation Sept. 12 with Asst. Sec. Martin Ambassador Campos indicated Brazil might sorely need additional ^{financial} assistance before October. He made strong plea for sympathetic consideration any such request, arguing that USG would gain nothing in leverage or otherwise from refusing, but that refusal would aggravate already difficult economic and political situation. In reply to question he had indicated possibility existed of relaunching stabilization program but not before October elections.

2. In face of indications he had received USG assistance not currently available for federal road construction program, Campos made special plea as matter of urgency for aid for Rio-Bahia road. We do not have adequate basis here for considering GOB request, having in mind policy outlined Dep A-44. Your views requested.

END

RUSK

832. 10/9-15-62-41832.00
41732.00
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Dictated by: **MAH/EST/HR** wellman:dh 9/13/62

Telegraphic transmission and classification approved by: **ARA - Edwin M. Martin**

AID - H. P. Dawson **PM**

Transmitted by **HLJ** Constanza (in substance)

E/FN- Mr. Palmer **PM**

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FORM 5-61 DS-322

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32

OUTGOING TELEGRAM Department of State

INDICATE: COLLECT
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Classification

7863

SEP 15 12 38 PM '62

Origin
Info

ACTION: Amembassy, RIO DE JANEIRO 718

RIO 718

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END

RUSK

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Drafted by: MARR:EST:HRW:ellman:dh 9/13/62
Telegraphic transmission and classification approved by: ARA - Edwin M. Martin

Clearance: AID - H. P. Dawson
E/FN - Mr. Palmer
Treasurer (in substance) - [Signature]

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INCOMING TELEGRAM

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Rec'd 15 SEPTEMBER 15, 1962
3:54 PM AM 5 40

ARA FROM: RIO DE JANEIRO
Info TO: Secretary of State
SS
SR NO: 629, SEPTEMBER 15.
F
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CAP
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ACTION INFO RM/R FILES

PRIORITY
FOLLOWING FROM BRASILIA

USIA
NSC
INR
CIA
NSA
OSD
ARMY
NAVY
AIR
RMR

EMBTEL 627?

DESPITE EARLIER 5-4 UNFAVORABLE COMMITTEE REPORT BASED ON PURPORTED UNCONSTITUTIONALITY SENATE AMENDMENT TO CAPANEMA BILL, CHAMBER EARLY THIS MORNING APPROVED MEASURE BY 169-83 VOTE. NOW NEEDS ONLY PRESIDENTIAL APPROVAL BECOME LAW. POLITICAL CRISIS THUS ENDED AND PEACEFUL ELECTIONS EXPECTED OCTOBER 7.

GENERAL STRIKE ORDER TRIGGERED STOPPAGES VARIOUS PARTS COUNTRY INCLUDING BRASILIA. ALTHOUGH GENERALLY CALM HERE PRINTERS AND SOME OTHERS WENT ON STRIKE AND POLICE ON ALERT WITH SOME OBVIOUS AGITATORS SEEKING TROUBLE IN BUSINESS DISTRICT. CONGRESSMEN WERE HELD IN BRASILIA UNTIL THIS MORNING BY AIRLINES STRIKE NOW ENDED.

PRESIDENT YESTERDAY ISSUED FOLLOWING CALL FOR ORDER: "AT MOMENT WHEN... BROCHADO DA ROCHA LEAVES PRESIDENCY COUNCIL MINISTERS WITH RESIGNATION ALL ITS MEMBERS, I FEEL IT MY DUTY DIRECT TO COUNTRY IN QUALITY PRESIDENT REPUBLIC AND CONSTITUTIONAL COMMANDER ARMED FORCES MY MESSAGE OF CONFIDENCE AND CALL TO SERENITY ORDER AND HARMONY.

introduced by RMR

VIEW PROSPECTS SOLUTION CONSTITUTIONAL CRISIS THROUGH WHICH COUNTRY LIVING AT TIME WHEN RIGHT OF PEOPLE TO DECLARE THEMSELVES ON WAY TO BEING RESTORED, I CALL ON ALL BRAZILIANS WITHOUT

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RIO 627

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9/15/62
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732 00/9-15-62
RMR 13

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-2- 629, SEPTEMBER 15 FROM RIO DE JANEIRO

CLASS DISTINCTIONS TO CLOSE RANKS BEHIND COMMON OBJECTIVE WHICH IS PRESERVING ORDER AND PUBLIC LIBERTIES THUS CREATING CLIMATE INDISPENSABLE FOR STRUCTURAL REFORMS DEMANDED BY HIGH INTERESTS OF NATION.

"IN FIRM CONVICTION THAT CONGRESS IN ITS PATRIOTISM WILL NOT FAIL HOPES OF PEOPLE AND WILL COLLABORATE IN FINDING SOLUTIONS CAPABLE OVERCOMING ATMOSPHERE INSECURITY WHICH HAS LONG DISTURBED NORMALCY NATIONAL LIFE AND RESTORE TO COUNTRY CLIMATE OF CONFIDENCE WHICH ALL DESIRE, I REAFFIRM MY CONVICTION THAT BRAZIL ONCE AGAIN WILL MEET CRISIS WHICH DISTURBS IT WITHOUT DEVIATING FROM PATH OF PROGRESS AND SOCIAL JUSTICE."

LATEST INFORMATION BRASILIA INDICATES HERMES DE LIMA NEXT PRIMIN.

GORDON

GDW

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32
INCOMING TELEGRAM

Department of State

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- INR
- CIA
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- OSD
- ARMY
- NAVY
- AIR

FROM: RIO DE JANEIRO - CORRECTED COPY

TO: Secretary of State

NO: 627, SEPTEMBER 15

FOLLOWING FROM BRASILIA

EMBTEL 613 932172.27

CHAMBER THIS AFTERNOON BEGAN DEBATE ON SENATE VERSION CAPANEMA BILL CONTAINING PROVISION FOR REFERENDUM WHICH READS AS FOLLOWS IN FREE TRANSLATION:

BEGIN QUOTE

ARTICLE 1. CONSTITUTIONAL AMENDMENT NO. 4 WILL BE SUBMITTED TO POPULAR REFERENDUM ON JANUARY 6, 1963.

PARAGRAPH 1. RESULT HAVING BEEN PROCLAIMED BY SUPREME ELECTORAL TRIBUNAL, CONGRESS WILL, WITHIN PERIOD OF 90 DAYS, ORGANIZE SYSTEM OF GOVERNMENT ON BASIS OF CHOICE RESULTING FROM REFERENDUM

PARAGRAPH 2. IF (CONSTITUTIONAL) AMENDMENT REVISED PARLIAMENTARY SYSTEM OR INSTITUTING PRESIDENTIAL SYSTEM HAS NOT BEEN PROMULGATED UPON TERMINATION OF THE (90 DAY) PERIOD, (EITHER) CONSTITUTIONAL AMENDMENT NO. 4 WILL CONTINUE IN FORCE OR CONSTITUTION OF 1946 WILL AGAIN COME FULLY INTO EFFECT, IN ALL ITS PARTS, IN CONFORMITY WITH RESULT OF POPULAR REFERENDUM.

PARAGRAPH 3. VOTERS REGISTERED UP TO OCTOBER 7, 1962 WILL HAVE RIGHT TO VOTE IN REFERENDUM.

PARAGRAPH 4. CURRENT ELECTORAL LAWS WILL APPLY TO CONTINUING AND PROCLAIMING (OF RESULTS OF) REFERENDUM.

END QUOTE

2

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-2- 627, SEPTEMBER 15, FROM RIO DE JANEIRO

BILL REPORTEDLY SATISFACTORY TO PRESIDENT (SANTIAGO DANTAS, HERMES LIMA, AND TANCREDO NEVES HELPED IN DRAFTING) AND PSD, PTB AND PSP PARTY CAUCUSES THIS AFTERNOON AGREED TO SUPPORT. UDN OPPOSES IN PRINCIPLE AND ON BASIS PATENT UNCONSTITUTIONALITY BUT SINCE ONLY ABSOLUTE MAJORITY NECESSARY AND OVER 220 DEPUTIES STILL IN CHAMBER AGREEMENT GENERAL BILL WILL PASS AT TONIGHT'S SESSION, THUS ENDING CRISIS.

NEW CABINET EXPECTED TO BE APPOINTED MONDAY.

GORDON

JVC

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FROM: RIO DE JANEIRO

Info

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TO: Secretary of State

SR

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NO: 627, SEPTEMBER 15.

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FOLLOWING FROM BRASILIA

GAP

P

REFERENCE: EMBASSY'S TELEGRAM 613.

USIA

NSC

CHAMBER THIS AFTERNOON BEGAN DEBATE ON SENATE VERSION CAPANEMA BILL CONTAINING PROVISION FOR REFERENDUM WHICH READS AS FOLLOWS IN FREE TRANSLATION:

INR

CIA

NSA

OSD

BEGIN QUOTE.

ARMY

NAVY

AIR

ARTICLE 1. CONSTITUTIONAL AMENDMENT NO. 4 WILL BE SUBMITTED TO POPULAR REFERENDUM ON JANUARY 6, 1963.

RMR

PARAGRAPH 1. RESULT HAVING BEEN PROCLAIMED BY SUPREME ELECTORAL TRIBUNAL, CONGRESS WILL, WITHIN PERIOD OF 90 DAYS, ORGANIZE SYSTEM OF GOVERNMENT ON BASIS OF CHOICE RESULTING FROM REFERENDUM.

PARAGRAPH 2. IF (CONSTITUTIONAL) AMENDMENT REVISED PARLIAMENTARY SYSTEM OR INSTITUTING (#) PROMULGATED UPON TERMINATION OF THE (#) CONTINUE IN FORCE OR CONSTITUTION OF (#) WITH RESULT OF POPULAR REFERENDUM.

PARAGRAPH 3. VOTERS REGISTERED BY OCTOBER 7, 1962 WILL HAVE RIGHT TO VOTE IN REFERENDUM.

PARAGRAPH 4. CURRENT ELECTORAL LAWS WILL APPLY TO CONTINUING AND PROCLAIMING (OF RESULTS OF) REFERENDUM.

END QUOTE.

/BILL REPORTEDLY

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BILL REPORTEDLY SATISFACTORY TO PRESIDENT SANTIAGO DANTAS, HERMES LIMA, (#) HELPED IN DRAFTING) AND PSD, PTB AND (#) AGREED TO SUPPORT. (#) CONSTITUTIONALITY BUT SINCE ONLY ABSOLUTE MAJORITY NECESSARY AND OVER 220 DEPUTIES STILL IN CHAMBER AGREEMENT GENERAL BILL WILL PASS AT TONIGHT'S SESSION, THUS ENDING CRISIS.

NEW CABINET EXPECTED TO BE APPOINTED MONDAY.

GORDON

BA

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12:12 P. M.

ARA

Info

FROM: Rio de Janeiro

SS

TO: Secretary of State

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NO: 637, September 17, 5 P. M.

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RMR

PRIORITY.

Following from Brasilia.

Embassy telegram 629.

(1) As anticipated (Embassy telegram 554) Congress has approved however reluctantly legislation meeting President's demand for early plebiscite (January 6, 1963) which now signed by President thus bringing political crisis to end. This solution to political crisis, unless court declares it unconstitutional (not likely) should lead eventual settlement of what grew to be institutional crisis created by President's determination force return of Presidential system of government, which goal it generally conceded he has now all but reached.

(2) Way now opened for peaceful elections on October 7 which factor was foremost in minds of most legislators who voted January 6 referendum.

(3) Unexpected development was fall of Brochado Da Rocha cabinet which became inevitable when apparent that so-called eminent constitutional lawyer was sold bill of goods (August 17 agreement - Embassy telegram 586 and 587) by shrewder politicians and that he was temperamentally unfit for rough and tumble Brazilian politics and thus of no further use to President.

(4) President's victory was achieved by exercise military and labor pressure which brought in its wake breakdown of PSD-UDN / working

Approved by RMR

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-2- 637, September 17, 5 P. M. from Rio de Janeiro,

working agreement which now substituted at least temporarily by old PSD-PTB-PSF coalition re-formed in chamber over protests party leadership. Goulart owes considerable part of victory Kubitschek's work in Senate and among PSD deputies.

(5) President's position today appears to be as strong as has ever been in terms of overall power. Will name his own Prime Minister and Cabinet and whether likes it or not must assume full responsibility to get country back in running order.

Line (6) President's principal support today is union labor whose performance however in recent general strike was far from impressive and it nonetheless is still potent weapon although increased power and prestige of democratic labor unions threaten weakened this support even more if he cannot capture it. Communists apparently stayed in ~~(11)~~ during crisis although Communists organs are complaining about President's non-strike statement and "willingness compromise with reactionary elements". Armed forces continue support President although as Embassy has assessed in past preponderance Armed Forces would likely bolt President on any clear illegal effort. This even more apparent since President now has achieved objective desired also by bulk of Armed Forces, i.e., allow people express opinion on parliamentary system. The same may be said for most of Brazil's Governors who seek plebiscite. These moderate supporters now likely insist that President move ahead on other than political problems.

(7) Effective opposition to President at moment seems to be UDN headed by Herbert Levy and Democratic Parliamentary Action Group which voted against referendum.

Levy's extreme position unwillingness allow people their say on system of government however justifiable his claim of Goulart's unsuitability (which strongly backed by Estado Sao Paulo now calling for military take power away from Goulart) not believed have much following. On other hand President's call for serenity

and against

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-3- 637, September 17, 5 P. M. from Rio de Janeiro.

and against violence in strike (whatever his real objectives) leaves President for moment in fairly strong position vis-a-vis general public. While trouble could still break out on labor front to disturb peaceful elections this highly unlikely view fact President and his supporters are well aware that victory for moment at least is theirs. Possible disturbances resulting from deteriorating economic conditions not likely develop in near future.

GORDON

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FROM: Rio-de-Janeiro

TO: Secretary of State

NO: 634, September 17, 9 p.m.

ACTION DEPARTMENT 634, INFORMATION BRASILIA UNNUMBERED.

POLICY

I have tried over week-end to cast up a summary balance sheet Brazilian political scene after last weeks dramatic events Brasilia. In short term, Goulart has obviously won major tactical victory, getting absolute majority both Houses Congress for January 6 "referendum," with universal forecast popular preference return some form presidentialism. For this purpose, and with indefatigable support from Kubitschek, he managed reform, at least for moment, PTB-PSD coalition created by Vargas, leaving UDN isolated as only large opposition party. He played very shrewd tactical game, including much brinkmanship by Brizola, Brochado, Generals Osmino Alves and Jair Dantas Ribeiro, and overtly Communist-led general strike committee, combined with intermittent personal lip service to legalism and promises to include PSD and several smaller moderate parties in new governmental lineup. Ironically, he was quite prepared sacrifice Oliveira Brito amendment provisions for easier voting constitutional social and economic reforms by next Congress, a sacrifice which apparently has disturbed his Communist friends and Brizola-type revolutionaries. There are still no signs that he understands or is prepared confront real problems facing country, either in short term fields inflation, balance of payments, and food distribution, or in long term needs economic and social progress.

On favorable side, several dangerous corners were safely passed. Vast majority officers all three services have rallied behind Nelson

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RIO 634

732.00/9-1762

1209

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-2- 634, September 17, 9 p.m., from: Rio-de-Janeiro

Nelson de Melos stand for order and legality in highly encouraging manner. Move to intervene Guanabara was thwarted. General strike call was substantially less effective than July 5, being almost completely frustrated in Guanabara by energetic countermeasures of Lacerda. Told me Saturday evening that Osmino had refused even talk with him, but Kruei had offered him support immediately on arriving Rio. Brochado da Rocha has now departed national scene, totally discredited on all sides and acting at end close to sheer insanity. Brizola appears to have overplayed his hand to point creating substantial reaction which should produce favorable electoral results. And there is more awareness of dangers Communist penetration and subversion than ever before.

Prospects of now getting safely to October 7 elections seem quite favorable, although Brizola and Communist may be assumed not to have abandoned efforts to postpone or cancel. ^{FSD} They can also be expected attempt annul results on grounds corruption by economic interests. Definition of terms popular referendum may open new conflict between President and Congress after elections. In addition unconstitutional provision for referendum, which was voted by absolute majority but not constitutional two-thirds, might be struck down by Supreme Court. Foreign exchange shortage and continuing inflationary pressures will provide new fuel for social disturbances. In short, unless Goulart having won his January plebiscite aim now again takes sharp tack toward center (as in pre-Washington visit phase), continuous endemic trouble and intermittent acute crises are still before us. Goulart's new slate of ministers will be one important indicator.

Implications for us, including pros and cons presidential visit, will be subject recommendations later this week.

GORDON

DMJ

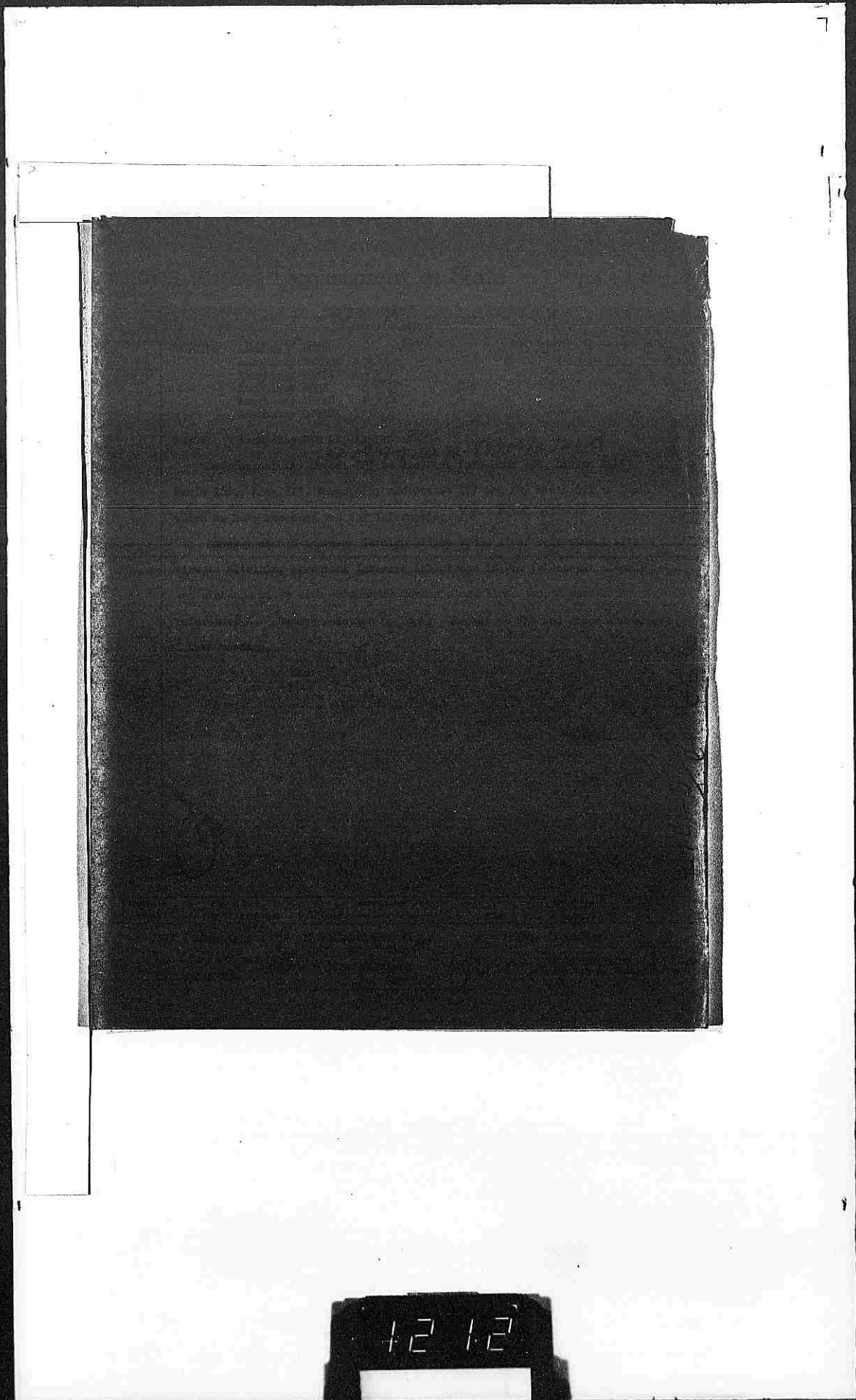
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| TR | RMB | AIR | <u>PSYCHOLOGICAL</u> | | | 8. Press Review | | |
| | | 3 | <u>POLITICAL</u> | | | 1. Political Campaign Developments | | |
| ARMY | CIA | NAVY | Senatorial candidate JOSE ERMIRIO de MORAIS must have felt like the most abused man in the nation this week as the Regional Electoral Tribunal rejected, on technical grounds, the registration of his candidacy on three separate party tickets: the PTM, the PST, and the PSB. Ermirio de Moraes is now a candidate only of the local PTB. Even his candidacy on the PTB ticket has been challenged, however, and the electoral tribunal is to decide next week whether the wealthy São Paulo industrialist is to be a candidate at all. | | | | | |
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DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
SEP 27 1962

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MIGUEL ARRAES continues to fight for the Governor's crown, though his legs seem to be giving out and his head is bloody and not quite unbowed. Arraes' primary appeal to the electorate has been as an honest and efficient administrator, one capable of guaranteeing economic and social progress to the state. This week Acting Mayor MOURY FERNANDEZ followed up his earlier anti-Arraes moves by making available to the CLEOFAS camp certain of the city's business and financial records which offer convincing evidence that the Arraes administration was neither very honest nor very efficient. The Cleofas propaganda team is now enjoying itself by publishing daily large excerpts of those records.

Local businessmen collaborated with the Catholic Church on Sunday, September 16, to sponsor a huge public rally culminating a two-month Crusade of the Rosary campaign. Estimates of the crowd at the rally ranged from 100,000 to 600,000--in any event it was an outstanding success. The Crusade of the Rosary, directed by an Irish priest, is a sort of back-to-church movement which, among other things, touches heavily on the evils of Communism and stresses the benefits of individual and family prayer. The Crusade's slogan is "The family that prays together stays together." Informed sources admit that the Crusade was deliberately timed to coincide with the closing weeks of the gubernatorial campaign. Clearly, the Crusade's sponsors hope that Pernambuco Catholics will get the full message and amend the Crusade's slogan to include the phrase: "and vote against Arraes."

Arraes may not yet have received his severest blow. One story, in very limited circulation, has it that Arraes' running mate, State Assembly President PAULO GUERRA, has entered into a secret agreement with Joao Cleofas under the terms of which Guerra will make a last minute denunciation of Arraes and a plea for all of his supporters to vote for Cleofas. In return, Cleofas is to ask all of his supporters to vote for Guerra for Vice Governor. As outlandish as the story seems at first glance, it gains credence when one realizes that Cleofas' running mate for Vice Governor, MORAES REGO, has been virtually ignored by Cleofas and by his party throughout the whole campaign. Moraes Rego's selection as Cleofas' running mate was confusing to all observers since it was generally accepted that he had no following of his

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own and, by himself, would draw only his wife's vote. If Cleofas has some Machiavellian plan to dump his running mate at the last moment, however, he probably did well to choose one without a popular following.

FRANCISCO JULIÃO, who has been making no apparent impact in his campaign for Federal Deputy (on the PSB ticket), was ordered by the Regional Electoral Tribunal this week to take down all signs, banners, etc., propagandizing his candidacy. Julião's campaign propaganda, the Tribunal decided, was subversive. The decision does not otherwise affect the candidacy of the Ligas Camponesas leader. (CONFIDENTIAL)

2. Local Reaction to National Crisis

The Recife area maintained a taut calm during this week's cabinet crisis. Top military commanders of all services issued statements emphasizing the need for peace and order. Only the IV Army was put on an alert basis, and that only as a precaution. IV Army commander GENERAL COSTA e SILVA declared that he expected no trouble, but that he fully intended to maintain order whatever the circumstances. Privately, he was reported to have stated that he was against any move against the Constitution or the Congress, but that as GOULART was the constitutional head of state he would support him so long as the latter worked within a framework of legality.

A general strike movement sputtered along in Recife for several days towards the end of the week, then fizzled altogether. Though the Communist controlled Recife Trade Union Council (CONSINTRA), following orders from labor headquarters in the south, ordered a general strike on September 14, only port sector unions (always on the verge of a walk out anyway), and railway workers heeded it. Meanwhile, Governor SAMPAIO urged a normal working schedule and assured all workers who wanted to report to their places of employment that the state police would guarantee their safety against any strikers who attempted to interfere with them. By Sunday, September 16, the strike had obviously failed and it was expected that all workers would be back on the job the next day. Actually, not only was the strike a failure, it also stimulated an encouraging show of resistance to Communist leadership in two unions. Bank workers refused to obey the strike order in spite of pressure put on them by some of their Communist oriented leaders and in spite of efforts at intimidation on the part of several stevedores and port workers who invaded the bank union's meeting and tried to harangue bank employees into following the walk out.

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Though railway workers, also Communist led, obeyed their leaders and walked out, they did so sourly, and one of their non-Communist union leaders issued a statement to the press bitterly deploring the strike as illegal and as an irresponsible and unpatriotic gesture at a time when the President of the Republic was calling for patience and restraint. (LIMITED OFFICIAL USE)

Comment: The absence of civil disorders and the miserable failure of their strike effort were additional set-backs to the local Communist Party and pointed up the gradually improving political situation in the Northeast. (CONFIDENTIAL)

3. Julião Organizes Protest Rally

State Deputy Francisco JULIÃO of Ligas Camponesas fame was back on the political scene in a role distinguished if not for its success then for its rather confusing lines. Having spent several days trying to whip up enthusiasm for a "giant rally", Julião finally held his meeting on Wednesday, September 12. Billed as a "protest rally" against a coup d'etat and "an impending Yankee invasion of Cuba", it drew no more than two thousand spectators, most of whom were disinterested passers-by. Several violent statements were heard, including an exhortation to march on the American Consulate General and burn it down if the United States dared lay hands on Cuba. The meeting received no press attention and seemed to meet with little if any enthusiasm otherwise.

Julião himself, having lambasted the Communists early in the week for a "subversive role" he ascribed to them in building cabinet crises, was in turn taken to task by A Hora which accused him of assisting anti-progressive forces and the golpistas in the IV Army and the State Government. A Hora ended its attack on a sweet note, however, imploring Julião to be a good boy and not disturb the solidarity of the progressive camp. Thus in one week Julião was attacking the Communists, the United States and President Collart's government, while he himself was under attack by the Communists, as well as the moderate/conservative forces arrayed against him. (CONFIDENTIAL)

4. Ligas Leader Beaten Again in Paraíba

ASSIS LEMOS, President of the Ligas Camponesas in Paraíba,

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and several other Ligas members were beaten up again this week, several being hospitalized. The Ligas blame the beatings on reactionary landlords, but stories are confused and facts few. The significant point brought out, however, is that, no matter who did the actual beating, discontent and potential violence continue to seethe in Paraiba's interior. (LIMITED OFFICIAL USE)

5. Communists Lose Control of Pernambuco Students Union

By a thumping majority, Pernambuco University students opted this week to rid themselves of their former Communist leadership. Elected as President of the Pernambuco Students Union (UEP) by a lopsided vote (over 60 per cent) was mild leftist, pro-American MARCO ANTONIO OLIVEIRA MACIEL. (See Weekly Summary No. 8).

Maciel's candidacy for the top position in local student politics grew out of the increasingly widespread student discontent engendered by the recent prolonged student strike, and which led to the formation of a strike-breaking movement by a group of moderate students. Reportedly nurtured and stimulated by Church authorities and, possibly, by the São Paulo based Frente Popular Democrática, the group of moderate students formed the Independent Reformist Vanguard and selected Maciel to be the standard bearer. Maciel's campaign attacked the former extremist leadership of the UEP, especially on the issue of the recent strike, and pledged to work to change the direction of the Communist-led National Union of Students (UNE).

Comment: Maciel's large majority in the election is an encouraging indication of growing moderation in local student ranks and growing dissatisfaction with the present direction of UNE. If Pernambuco students are representative of university students in other parts of Brazil, the election of Maciel and the rejection by the students of further Communist leadership may presage a turning point in student politics all over the country and, as a direct consequence, a change in the present extreme leftist policies of UNE. (LIMITED OFFICIAL USE)

ALLIANCE FOR PROGRESS

6. New NE Television Show in the Making

A five-member advance team from DAVID SUSSKIND Talent

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Associates spent three days (September 15, 16 and 17) in the Recife area making preliminary arrangements for videotaping a one-hour documentary on "Alliance for Progress" activities in the field of colonization and resettlement. The USAID Mission met the team and put them in touch with the CRC (Pernambuco Colonization Agency) and escorted them to Vitoria de Santo Antao, where CRC maintains a colony. The team made two visits to the colony and confirmed its plans to film the documentary there, using local actors as well as the settlers themselves. The writer, MERLE MILLER, remained behind for two weeks to become better acquainted with the colony in order to prepare the script. The program is to be shown on the National Education TV Network (NET). Filming, with several tons of equipment and a team of between 20 and 30 people from the United States, will be done the last week of October and the first week of November.

7. USAID/NE Team to Ceara

A thirteen-member USAID/NE team spent Friday, September 14, in Fortaleza in discussions with Ceara State Government officials on various aspects of social and economic development. Purpose of the visit was to establish preliminary contact at the State level and formulate lines of joint action. No agreements were signed. The USAID Mission expects to follow this visit up with several others over the coming months. Similar visits have been made in the past several weeks to the States of Alagoas, Paraiba and Rio Grande do Norte. Other visits will be made to the other Northeast States in the coming weeks. (UNCLASSIFIED)

PSYCHOLOGICAL

8. Press Review

Coverage of international events in the local press shifted emphasis from Berlin to Cuba this week. Press service reports of recent Cuba developments were generally reproduced without comment, but Ultima Hora, as is its wont, slanted headlines to convey the impression that the United States was preparing to launch an armed attack against Cuba. Other editorializing was slight, though Jornal do Comercio's Cronica Internacional did point up the Latin American inconsistency in preaching against intervention in Cuba now while intervention on behalf of FIDEL CASTRO in BATISTA's Cuba was warmly applauded.

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General MARK CLARK's visit to Brazil on the occasion of Brazilian Independence Day was adequately covered by the local press, though it evoked no particular nostalgic comment of U.S.-Brazilian cooperation during World War II. General Clark's statement that the U.S. will take appropriate action if Cuba threatens the security of the U.S. or its friends was probably the facet of his visit that received most spectacular treatment.

The official Brazilian news service, Agencia Nacional, came in for some criticism this week when it was learned that the Recife branch of Agencia Nacional had circulated a report which, in effect, asserted that The Crusade of the Rosary was a political movement initiated by the landed gentry in Pernambuco. Supporters of gubernatorial candidate Joao Cleofas bought space in the local press to reprint the Agencia Nacional report, and charged that Miguel Arraes' Communist supporters on the Agencia staff were responsible for this "defamation" of the Crusade. The net result of the incident, aside from any possible effect on the current gubernatorial race, was an apology by the Agencia Nacional director in Recife and the immediate dismissal of the two staff members he identified as responsible for the drawing up and circulation of the report. (UNCLASSIFIED)

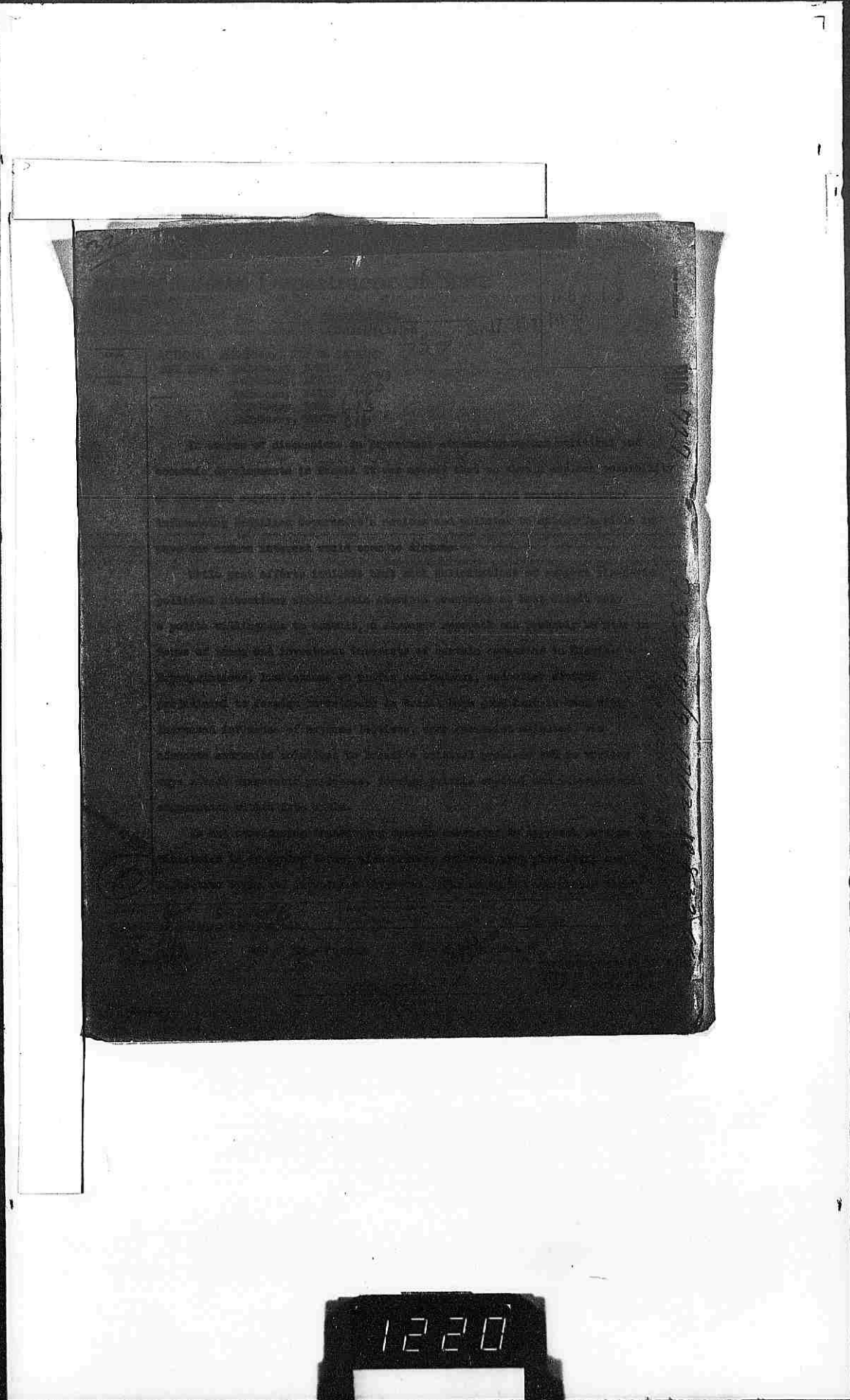
Eugene Delgado-Arias
Eugene Delgado-Arias
American Consul General

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Clucker
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John
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of Telegram to Ambassador, Rio de Janeiro, dated 10/10/50, subject: BRAZIL

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France, Italy and possibly also Japan, all of which have considerable trade and investment stakes in Brazil.

We would propose that our respective Ambassadors in Brazil should already and exchange views on (a) Brazilian economic and political developments affecting our respective trade and investment interests (b) possible courses of action with respect thereto. Approach to Ministries should avoid any suggestion of collective effort in concerted planning and action because this unacceptable to our allies as a general principle, would limit our freedom of action, and would be resented by Brazil and other SA countries.

Action outlined above would be expected to strengthen and broaden your Embassy's economic relationships with embassies of allied countries. Also it should facilitate possibility of our engaging in useful conversations with these other governments at other levels.

Request your views and suggestions, repeating your reply to other addresses as these copies being passed of prepared by Interagency Latin American Policy Committee setting forth US share UNRRA loan objectives in Brazil.

RUSK

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DEPARTMENT OF STATE
JUSTIFICATION FOR MULTIPLE-ADDRESS AND CIRCULAR TELEGRAMS

This form must be completed for all circular or multiple-address telegrams that are being sent to five or more posts by telegraphic means. The form must be attached to the telegram when forwarded to S/S-CR for clearance and to DC/T for transmission.

IMPORTANT INFORMATION IN PREPARING A CIRCULAR OR MULTIPLE-ADDRESS TELEGRAM:

1. See sections 145.42 and 145.43 of the Manual of Regulations and Procedures for addressing procedure.
2. Note that these sections explain how to use "By Pouch" indicator for posts not requiring information urgently by telegram.
3. Remember that most consular posts normally handle an extremely small volume of telegraph traffic and are not equipped to receive long telegrams or telegrams of dubious urgency.
4. In using all-inclusive addresses like "All Diplomatic Missions" there rarely should be an instance where telegraphic transmission to all posts can be justified; therefore, make sure maximum use has been made of "By Pouch" indicator.
5. Prepare two circulars rather than one when: (1) many posts require the information urgently but only a few need a full explanation; (2) the major part of a message is unclassified and only the Departmental comment or instruction need be classified.
6. When press releases have to be sent to posts telegraphically, first determine whether the release is being broadcast by the USIA Bulletin, thus making the telegram unnecessary for many posts. When a circular telegram is classified because it contains a press release sent out in advance of the release date, send the full text to only the posts needing full text; to other posts, send a brief digest so as to reduce post decipherment work.
7. For information on pouch transit times, consult your pouch schedule or call extension 4233 in DC/P for specific details. For technical assistance involving circular or multiple-address telegrams, call DC/T, extension 4324. If assistance was obtained from DC on this message, show below name of person consulted.

(Write in name of person in DC/P)

(Write in name of person in DC/T)

CERTIFICATION

Following certification to be completed and signed by person whose name appears in authorizing block of telegram form:

Telegram Identification: Date drafted 9/15/62 Drafting Office Symbol ARA:RPA

The attached telegram has been prepared with full consideration of the above seven guidance points. The urgency of the subject matter makes it essential to send the message telegraphically to all posts shown. Pouch services will not provide sufficiently fast service except to those posts where the "By Pouch" indicator has been used.

(Signature)

ARA - Mr. Martin

(Typed name and organization symbol of authorizing officer)

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| | | 11 | FROM : Amembassy, Brasilia, D.F. | | | DATE: September 18, 1962 | | |
| S/P | G | 35 | SUBJECT : The Goulart Regime; Alliance for Progress | | | File H/B | | |
| 1 | | 27 | REF : | | | ARR/Action | | |
| AGR | COM | RRS | Enclosed is a memorandum of conversation held September 17 between the Chief of the President's Civil Household, Dr Hugo de Faria, and the reporting officer on a variety of subjects of more than ordinary interest. | | | No 12-18-62 | | |
| | | | The Department will find of special interest Dr. Faria's observations on the advisors who most influence President Goulart, in which he singled out Attorney General Evandro Lins & Silva as the only dangerous leftist extremist in the group. | | | Ratph | | |
| INT | LAB | TAR | In commenting on the forthcoming elections Dr. Faria emphasized that Goulart is aware that American companies through contributions to Brazilian organizations are financing the electoral campaigns of rightist candidates who oppose him. On the outcome of the election he said that the PTB expects to elect about 25 percent of the new Chamber of Deputies with few if any new leftist extremists getting in. The big change would be in an increase in the far right Deputies from a present 15 to 50 or 60. This, he said, might unfavorably effect the Administration's efforts to get through needed reforms. | | | Benton | | |
| TR | XMB | AIR | Dr. Faria made a number of interesting observations on Goulart's political orientation, insisting that he is essentially moderate but will never leave his popular base aware that should he do so the vacuum would be filled by extremists like Brizzola and Arraes. He sees a certain amount of populism in the government "as a species of vaccination meant to prevent a killing disease, Communism". | | | | | |
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On the subject of the Alliance for Progress, Dr. Faria is fully aware that Brazil has not met its responsibilities or carried through on promises made to President Kennedy but hopes that many of these problems can be solved in the cordial atmosphere which he expects will result from President Kennedy's forthcoming visit.

For the Ambassador:



Philip Raine
Counselor of Embassy
for Political Affairs

DISTRIBUTION: DCMAMB, POL I, POL II, Service Attachés POL/CINCARIB, Brasilia (5), AmGongen SGo Paulo.

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MEMORANDUM OF CONVERSATION

September 18, 1962

PARTICIPANTS: Dr. Hugo de Faria
Chief, Presidential Civil Household
Philip Raine
PLACE: Executive Offices of the Presidency
SUBJECT: Goulart Regime; Alliance for Progress

(1) Political Crisis; January 6 Referendum.

I told Dr. Faria that I would like to exchange impressions with him now that the political crisis had ended. He said that things should be reasonably quiet from now on since the President had won a notable victory, adding that as I could imagine the President has no doubt that the referendum will be favorable to the return of the presidential system. The Electoral Court has informed the President that referendum results will not be available before January 28 and, therefore, at the very latest, the presidentialist system should again be functioning by April 30. The system finally decided upon he said would have to be satisfactory to the President because, controlling anything from a third to a half of the deputies, the President could stop any modified form of presidentialism unsatisfactory to him. After April 30 the system based on the 1946 constitution would automatically become effective if no other legislation were passed.

(2) Cabinet.

I referred to Dr. Faria's call the night before when he had informed me that Professor Hermes Lima would be the new Prime Minister and inquired whether a new Cabinet had yet been formed. He said it had not but that about sixty percent of the last Cabinet would stay on. They were getting rid of the socialist professors, he said, mentioning specifically the Ministers of Justice and Education. He said that Hermes Lima would also be Minister of Justice; General Krusl, Minister of War; Miguel Galmon, Minister of Fazenda, and that he, Hugo de Faria, might possibly be given the Labor Ministry without Port-folio, although he said that he was uninterested in the labor job, he would prefer to stay on as Chief of the Civil Household particularly since the job would assume more importance with re-installation of the presidential system. (I had previously

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been informed by the Third Sub-Chief of the Civil Household that Marshal Lott has been invited to accept the Mines and Energy post and will probably accept).

In reference to my question Dr. Faria said that the Cabinet was expected to stay on until new Congress/installed in February next year. the is

(3) Advisors to the President.

In discussing President Goulart's ideology, Dr. Faria mentioned the group whom he called the President's only important advisors. These are:

Legal Advisor, Antonio Balbino, ex-Governor of Bahia, whom he described as right of center.

Raul Ryff, Press Advisor, whom he described as "a Leftist who is becoming more bourgeois as time goes by". (Faria said he has seen Ryff's full record at the National Security Council which shows that he left the Party in 1953, adding furthermore that he has evidence that the Communists are dissatisfied with Ryff's activities).

Dr. Evandro Lins de Silva, Attorney General, described as the one really dangerous man among the President's advisors. Lins is financially and politically independent and a doctrinaire Marxist, according to Dr. Faria. He gave as an example of his activities the fact that he had prepared and urged Goulart to give a rabble-rousing September 7 speech but that the President had rejected the draft in favor of a moderate, calming address to the nation. Lins was the only one strongly to recommend that the President sign the Profits Remittance Bill.

Pinto de Godoi, Second Sub-Chief of the Civil Household, described as moderate without strong political convictions.

Hermes Lima, described by Faria as moderate in his advice to the President and "daily becoming more conservative". He is aware that although Lima has left the FSB for the PTB he is still a socialist.

General Krueel, whatever his temperament, is a strong anti-Communist.

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Santiago Dantas. He said no description is needed although he observed that Dantas had joined Lins in recommending that Goulart sign the Profits Remittance Bill but had not pushed hard on it.

Hugo de Faria, "I am an anti-Communist".

(4) October 7 Elections.

During the conversation I raised a few questions about public reaction to the President's recent activities in his quarrel with Congress, whereupon Dr. Faria observed that he would like to be perfectly frank with me and tell me that some companies in Brazil with American connections were taking an active part in supporting the candidacy of rightist deputies. He cited only one case, that of Willy's Overland which, he said, had given Cr\$6 million to IFES and to another group in Rio and had pledged to give more. These groups were sending Cr\$114 million within the next few days to support Cleofas' candidacy in Pernambuco. I asked how much Ermirio de Moraes was giving to the Arraes' candidacy. He laughed and said that he already had given Cr\$100 million and might be giving an equal amount later. He admitted that there was economic power on both sides but came back once or twice to the question of American connected firms saying that the Administration was well aware which firms are contributing.

As for the election itself, he said that the Administration expects that the new Congress will have 110 PEB Party members which would be about 26 percent of the new Congress and that few if any of these would be new extreme leftist members. On the other hand, he said the significant change would be the increase in the extreme right element, now about 15 to about 50 or possibly 60. These would be not only from the extreme right but also a more active group than those in the past since they were being carefully selected with that in mind. Among those pushing for the election of the extreme rightists he said is Cardinal Jaime de Barros of Rio who is working actively. Other church leaders he said were much more moderate and are recommending centrists rather than extreme right candidates.

While Dr. Faria thought the more conservative character of the next Congress might have favorable repercussions abroad, he himself is concerned since it might make more difficult carrying out needed reforms in the country. On the other hand, he said, at the forthcoming Ecumenical Congress at the Vatican

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the question of labor and social justice will be given prominent attention and as a result even the Cardinal of Rio de Janeiro will in the future have to be recommending more social justice all around. The church position might then influence the conservative Congress.

(5) Goulart Ideology.

Dr. Faria went on to say that the right and center had made a mistake in trying to make Goulart the leader of the business and other conservative groups following his visit to the United States. This forced the President to make speeches meant to please popular audiences such as at Volta Redunda and Santos last May. He said that Goulart must keep his popular base if Brazil is not to go Communist. Goulart is essentially a moderate man but should he move too far to the right he would leave a vacuum which would be filled by extreme leftists of the Arraes, Brizzola type (he said he does not consider Quadros a leftist leader but rather a dictator who would go right or left depending on what seemed to offer the greatest opportunity). He said that he has often pleaded with the National Confederation of Industries of which he is an officer and director, to understand Goulart and to attempt to reach some kind of modus vivendi with him, whereby he could make some concessions to the masses without being attacked by the center. He says that he has pleaded this so often that he has become unpopular in those circles. He says he sees a certain amount of popular-leftism in the government with some reforms as a species of vaccination meant to prevent a killing disease, Communism.

Dr. Faria pointed out that the latest issue of NOVOS RUMOS, the Communist official organ, attacked President Goulart's position on the recent general strike. He added that the President had first intended to go to Rio de Janeiro at the end of the crisis at the behest of labor leaders, but on second thought, not to give too much attention and importance to the leftist leaders and in order to maintain his authority, he remained in Brasilia and ordered the Sub-Secretary of Labor to settle the strike.

(6) Alliance for Progress and President Kennedy Visit.

I asked Dr. Faria what were the prospects now for meeting some of the more pressing economic and financial problems. He said it would not be easy, that he was worried about the

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deterioration, but the President would name Miguel Calmon, a capable technician and banker with sound ideas on finance to the Treasury post. I spoke of the Kennedy Administration's interest in furthering the development of Brazil and the rest of Latin America through the Alliance for Progress, but pointed out that the Administration had its problems with public opinion and the Congress which found it difficult to understand failure to settle the IT&T expropriation case, as well as to carry through on other undertakings made by the President during his visit to the United States.

Dr. Faria stated that he understood the U.S. position but said that Brazil has had difficult problems of an economic and political order. He added in any case that he hoped that in the climate created by President Kennedy's forthcoming visit, which he was confident would be a great popular success, it would be possible to settle this and other problems as well. Dr. Faria thought that this visit might also fortify President Goulart's position against the Left (the intimation was that it needed bolstering from time to time).

When I explained that unlike the Marshall Plan the Alliance for Progress required not only some basic reforms such as tax and land reforms, but also other measures designed to make possible the effective contribution of the Latin American nations to the full effort, such as measures seeking financial stability and encouraging other than governmental sources of aid, he said that he understood and expected that Brazil would soon review its undertakings to see what could be done to put them on the track again.

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INCOMING TELEGRAMS

Department of State

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FROM: Rio de Janeiro - CORRECTED COPY

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TO: Secretary of State

NO: 643, September 18, 5 p.m.

ACTION: ESTB
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POLICY

During meeting with Kubitschek-September 18 to discuss Latin American Peace Corps proposal, he made several major points to me concerning current political scene. Was delighted with outcome Congressional session, considering vote for plebiscite a major personal victory, but also stressing that defeat of Brito Amendment was a most important anti-Communist success. Kubitschek remains convinced that Goulart is not only non-Communist, but is now increasingly fearful of motives and strength of Communists and of Brizola allies. Kubitschek told Goulart with vigor that plebiscite will be a personal test for Goulart, amounting to popular re-election if favorable to presidentialism but to overwhelming personal, political, and psychological defeat if unfavorable. He urged that Goulart now face seriously problems of inflation and substantive issues to demonstrate his capacity to govern. He believes Goulart responsive this line of argument.

Rmk - see 10/4 - Gula

Taking account today's heavily headlined Washington press stories that Kennedy visit dependent on further evolution Brazilian political crisis, Kubitschek volunteered his view that maintenance of visit on present schedule is of utmost importance to process of winning Goulart back to center orientation and to demonstration that overwhelming mass Brazilian opinion favors constructive cooperation with US and objectives AFP.

If election defeats Michaelson, Quadros, and Arraes, Kubitschek satisfied that left wing threat in Brazil will be pushed back to minimal proportions and that Communist infiltrators can be removed from many offices where now installed.

DLW

GORDON
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INCOMING TELEGRAM

Department of State

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43-48
Action
ARA

Control: 14065
Rec'd: September 18, 1962
6:30 p.m.

RIO 640

Info FROM: Rio de Janeiro
SS TO: Secretary of State
SR NO: 640, September 18, 2 P.M.
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ACTION: STB
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*RM/R file
10/1 JWW*

Following From Brasilia

During conversation on various subjects with Chief President's Civil Household (memo on which follows by airgram) Raine was informed yesterday inter alia President Goulart fully aware some companies in Brazil with American connections are taking active part in supporting candidacies of rightist deputies opposing administration. He cited only Willy's Overland which has given 6 million cruzeiros and pledged more to IPES and a Rio organization which in next few days said to be sending 114 million cruzeiros for Cleofas campaign. Said administration knew about all such contributions. When asked how much Erminio de Morais was giving to Arraes campaign, said 100 million cruzeiros with equal amount probably being sent later. Admitted "economic power" working on both sides but left unmistakable impression of warning on US company interference in elections.

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GORDON

MJA-6

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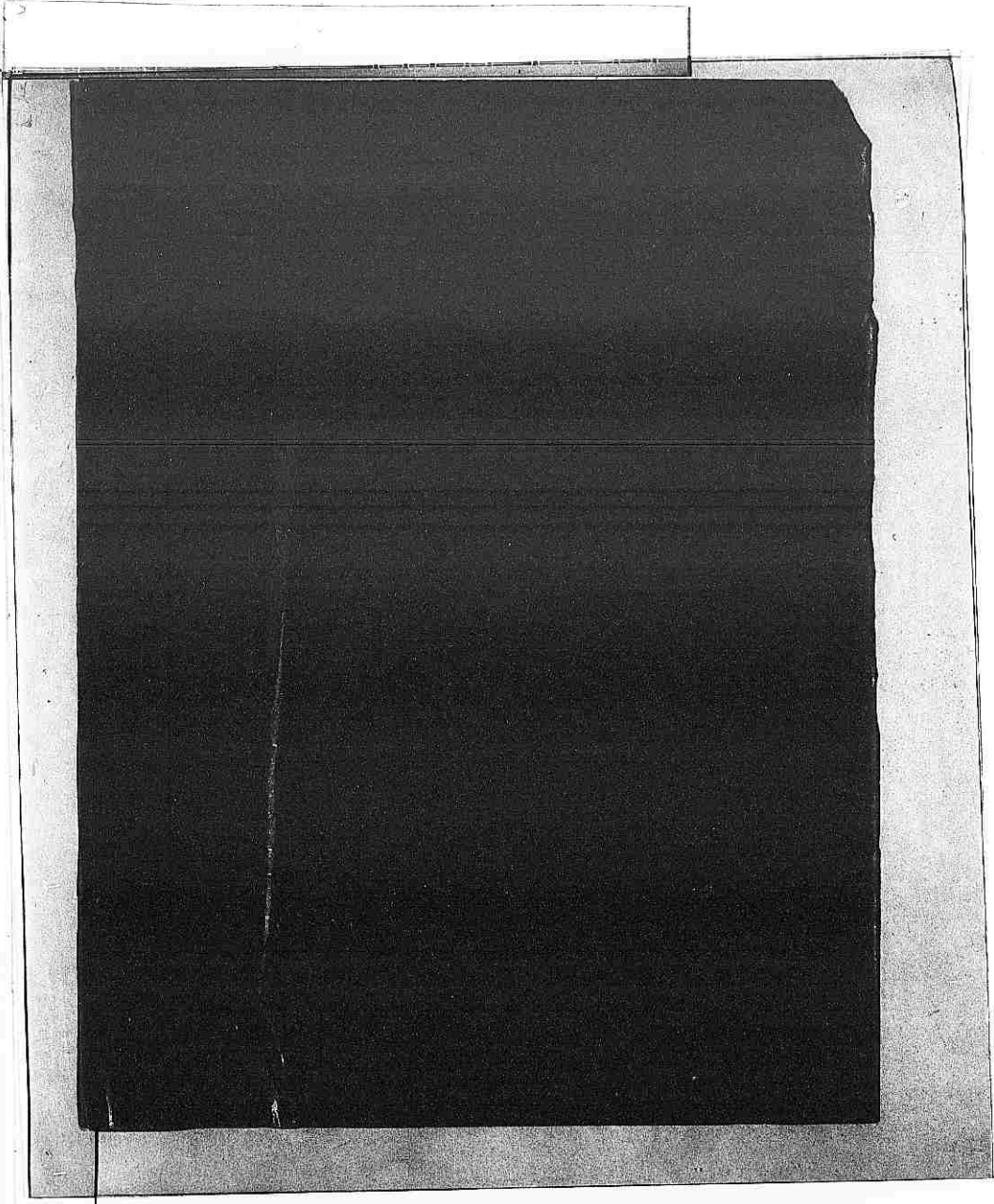
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| ACTION | | | DEPARTMENT OF STATE | | 732-00/7-1862 | |
| ARA-5 | | | AIRGRAM | | FOR RM USE ONLY | |
| RM/R | REP | AF | A-344 | | CONFIDENTIAL | |
| 2 | | | NO. | | PRIORITY | |
| ARA | EUR | FE | TO : Department of State | | 1962 SEP 21 AM 10 44 | |
| WEA | CU | INR | DEPARTMENT OF STATE | | BUREAU OF VISAS & DISTRIBUTION | |
| E | P | IO | INTER-AMERICAN AFFAIRS | | SEP 24 1962 | |
| L | FBO | AID | FROM : Amembassy, Brasilia, D.F. | | DATE: September 18, 1962 | |
| | | 11 | SUBJECT : Status Report on GOIAS; Brazilian Election 1962 | | Report No. 30 | |
| AGR | COM | FRB | REF : | | General | |
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1962 SEP 21 AM 10 44

DEPARTMENT OF STATE
BUREAU OF VISAS & DISTRIBUTION
INTER-AMERICAN AFFAIRS
SEP 24 1962

DATE: September 18, 1962

Report No. 30

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General

Goias at the present time is among the least important (except in terms of long-range potential) of Brazil's states -- in the vastness of its area (240,000 sq miles stretching from the jungles of 5° South Latitude to the scrub plain of 19° S.L.) and the sparseness of its population (less than 2 million), it ranks just after the great empty states of Amazonas, Para and Mato Grosso. It has only 2 cities of any size -- Goiania (90,000) and Anapolis (45,000), although the presence within the state of the Federal District (about 120,000) does provide some economic stimulus.

With the exception of its present Governor, Mauro BORGES Teixeira (see below), its politicians, regardless of party, are, in the main, conservative. Political conflicts have been, and are likely to continue to be, contests between one set of office-holders and another, with ideology and program playing no significant role. In the 1960 Presidential elections, Goias gave Lott a tiny edge while neighboring Mato Grosso gave a healthy margin to Quadros.

Political Parties

The PSD is the dominant party; after Pedro LUDOVICO Teixeira, its next most powerful boss is Jose Feliciano Ferreira, who was Governor prior to Mauro BORGES and who will seek election to the Senate next month. Opposition comes from the "Coligação Democratica" - a joining of the UDN, PSP and UDC.

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Drafted by: **EWeiner**

Contents and Classification Approved by:

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Its strongest, but not dominant, force has been the Caiado family, whose scion, Emival Caiado, is a federal Deputy.

The Governorship

Mauro BORGES Teixeira (PSD), a former Army officer, was elected in 1960 and therefore the position is not involved in the forthcoming elections. Borges in 1958 was elected to the Chamber of Deputies, receiving the largest vote (34,014) of any candidate in the state. The second and third best vote-getters received 29,083 and 24,141. His 1960 vote for Governor was 160,365. Borges' electoral victories result principally from the fact that he is a son of the state's most powerful political chieftain, Pedro LUDOVICO Teixeira (PSD), who, at the moment, is one of the state's three federal senators. Although LUDOVICO's ideology, if he has any, is conservative, BORGES has struck off energetically in the defection of the Left to the extent of causing personal and perhaps political estrangement from his father. With Miguel Arrais and Leonel Brizzola, he was a founder of the National Liberation Front (Embassy Despatch 473, Dec 12, 1961) which held its first organizational meeting in Goiania. Unlike Arrais and Brizzola, however, BORGES has not taken a negative attitude toward the Alliance for Progress. He has spoken in public in favor of the Alliance on numerous occasions and has been energetic and persistent in attempting to get Alliance funds for his state's economic development scheme, modestly entitled "The Mauro BORGES Plan". It is a political dilemma of the Alliance that if BORGES can get Alliance money, it will doubtless build his personal political drawing-power and likely upset the traditional nature of Goias state politics. On the other hand, if he is frustrated in his search for Alliance assistance, it is quite possible that he will be drawn across the line into the anti-American area of the Brazilian Left. At the moment, he is balanced between III and IV.

The Vice-Governor, Antonio Rezende Monteiro was elected to the Chamber of Deputies in 1958 with 14,400 votes, the sole victor for the PTB. He left the Chamber to seek election to the Vice-Governorship in 1960, under the PSD banner. He won with 138,014 votes. He will be seeking election to the Chamber in the next month's elections as a member of the PTB (see below). His public record is scant. However, based on his signature to a paid advertisement by the Frente Parlamentar Nacionalista appearing in O Estado de São Paulo on September 5, 1962, and on several other factors, preliminary evaluation puts him at III (perhaps II).

Chamber of Deputies (8 seats in present Chamber, 13 in the next)

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The incumbents are:

1. Alfredo Nasser (PSF) - born in 1907 in a small village in Goias, he was an "out" in the Vargas period and was drawn naturally to the UDN -- the party of opposition. He was Federal Senator from 1946 to 1950. Elected Federal Deputy in 1958 by the PSF, he left the Chamber temporarily in 1961 to be Minister of Justice in the Council of Ministers of Tancredo Neves. Between a IV and V, he favors the "independent" foreign policy and a soft line on Cuba.

2. Anisio ROCHA (PSD) - A Bahiano, transplanted early to Goias, ROCHA was first elected to the Chamber in 1958, running second only to Mauro BORGES Teixeira in garnering votes. An opponent of the "independent" foreign policy, he is a V.

3. Armando Storni (PSD) - A Gaucho who moved to Goias at the age of 21, Storni is a dominant figure in the politics and economy of the northern part of the state. A suplente, he replaced Mauro BORGES Teixeira when the latter became Governor. An advocate of the "independent" foreign policy, he will seek election as a senatorial suplente, with excellent chances of victory. He is a IV.

4. Benedito Vaz (PSD) - In the Chamber since 1950, he leads the state PSD bench. He is a member of the conservative Ação Democrática Parlamentar; he has often been at odds with the Kubitschek wing of the PSD. He is a V.

5. Dario Delio Costa (PTB) - A suplente, he took over for Antonio Rezende Monteiro when the latter became Vice-Governor in 1960. He has pleased neither the state nor the national PTB. The party probably would have to win 3 or 4 seats on October 7 for him to be elected. He is between IV and V.

6. Emival CAIADO (UDN) - Born in 1918, a member of the family that dominates the state UDN, he was elected to the Chamber in 1954 and 1958. He is a V.

7. Gerson CASTRO COSTA (PSD) - Born in 1917, son of a shoemaker, he is part of Pedro LUDOVICO Teixeira's praetorian guard. After holding numerous state posts, he was elected to

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the Chamber in 1958 with the lowest number of votes of the PSD ticket. He is a V.

8. Wagner ESTELITA Campos (PDC) - After a quarrel with state PSD leaders, Estelita, who was elected to the Chamber on that party's ticket in 1958, is seeking re-election as a member of the PDC. He has less than an even chance. He is a VI.

Thus, all incumbents will probably be back, with the certain exception of Storni, and probable exceptions of Cardoso and Estelita.

Possible new faces are listed in the order of the likelihood of victory. Ideological evaluations are preliminary.

PSD

1. Geraldo d' Abadia DE PINA - 5
(Has held various appointive posts in state government).
2. Pedro CELESTINO da Silva Filho - 4
(State Deputy).
3. Jose PEIXOTO DA SILVEIRA - 4
(Secretary of Education in present state government).
4. Jose dos Santos FREIRE - 5
(State Deputy)
5. Jose Cruciano de Araujo - 5
(Has held various appointive posts in state government).
6. Odorico Leite de Sant'anna - 5
(Has held various appointive posts in state government).

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7. Sebastião Julio de AGUIAR - 5
(Has held various appointive posts in state government).

Coligação Democratica (PSP/UDN/PDC)

1. Jose LUDOVICO de Almeida - 5 or 6
(Has been Governor; a dissident distant cousin of the PSD boss).
2. Wilmar GUIMARÃES - 5
(Suplente in present Chamber).
3. Jales MACHADO - 5
(Has been Federal Deputy).
4. Antonio Lisboa MACHADO - 5
5. NICANOR DE FARIA e Silva - 5
6. Manuel DEMOSTENES de Barbo Siquiera - 5
7. Cleonice ARAÚJO - 5

PTE

1. Antonio Rezende MONTEIRO - 3 or 4
(See under "Governorship" above).
2. Lizandro Vieira de PAIXAO - 4
3. Haroldo DUARTE - 4
4. Dario Delio CARDOSO - 5

The only Category II candidate (preliminary evaluation) is J. Eduardo SOARES (PL) who is not expected to win.

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The party ratio is expected to be: PSD 7-8, Coligacão 4-5, PTB 1-2.

State Legislature

No significant changes expected. Ratio is apt to be: PSD 18-20, Coligacão 14-16, PTB 3-5.

Mayors

Neither the Goiania Mayoralty (Helio Seixo de BRITTO UDN - V) nor that of Anapolis (Jonas Duarte PTB - V) will be at stake in this election.

The Senate.

Two of the three seats are being contested. The third is held by former President Juscelino KUBITSCHEK de Oliveira, the victor in a special election held on June 5, 1961 (the incumbent had resigned to make way for Juscelino and was rewarded with a Federal judgeship).

Pedro LUDOVICO Teixeira (PSD) seems sure of re-election. He is the father of the Governor and the dominant political figure in the state. He is a VI.

The other incumbent, Jeronimo GOIMERA BUENO (UDN), a VI, has a less than even chance to win over Jose FELICIANO Ferreira (PSD), a former Governor who divides control of the state PSD with Pedro LUDOVICO Teixeira, albeit Feliciano has the lesser half. He is a V or VI.

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For the Ambassador:

Harry Weiner

Harry Weiner
Second Secretary of Embassy

APPROVED:

Philip Rajne

Philip Rajne
Counselor of Embassy
for Political Affairs

DISTRIBUTION: All Consulates Brazil; AMB, DCM, Service Attaches,
USIS, Econ (2), POL I (5), POL II, Labor, CF (3), Brasilia (5).

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| Security ACTION | | | DEPARTMENT OF STATE | | | FW 732.00/9-1862 | | |
| ARA-42 | | | AIRGRAM | | | FOR RM USE ONLY | | |
| RM/R | REP | AF | A-398 UNCLASSIFIED | | | AIR POUCH | | |
| 2 | | | NO. | | | HANDLING INDICATOR | | |
| ARA | EUR | FE | TO : Secstate WASHINGTON | | | 1962 OCT 15 AM 8 12 <i>Qm</i> | | |
| NEA | CU | INR | FROM : Amembassy BRASILIA Office | | | DATE: October 5, 1962 <i>RMK - jw</i> | | |
| E | P | ID | SUBJECT : Correction to Referenced Airgram (Status Report on Goiás) | | | ANALYSIS & DISTRIBUTION BRANCH | | |
| L | FSO | AID | REF : Embassy A-344 | | | DATE: October 5, 1962 <i>10/17 - jw</i> | | |
| AGR | COM | FRB | DEPARTMENT OF STATE | | | BUREAU OF INTER-AMERICAN AFFAIRS | | |
| INT | LAB | TAR | The referenced airgram should be corrected (p.1) with regard to the populations of Goiania and Anapolis. In 1960, according to IBGE (Brazilian Institute of Geography and Statistics), the urban populations of the municipalities of Goiania and Anapolis were 133,462 and 51,169, respectively. | | | OCT 15 1962 | | |
| TR | XMB | AF | For the Ambassador: | | | | | |
| ARMY | CIA | NAVY | <i>Harry Weiner</i> | | | | | |
| 5 | 10 | 5 | Harry Weiner | | | | | |
| 12 | 8 | 3 | Second Secretary of Embassy | | | | | |
| ODD | USIA | NSA | APPROVED: | | | | | |
| | | | <i>Philip Raine</i> | | | | | |
| | | | Philip Raine | | | | | |
| | | | Counselor of Embassy | | | | | |
| | | | for Political Affairs | | | | | |
| | | | DISTRIBUTION: All consulates in Brazil, Service Attachés, USIS, Econ (2), Labor, POL II, Pol Rio (5), CP (3), Pol Brasilia (5). | | | | | |
| FORM 4-62 D5-323 | | | UNCLASSIFIED | | | FOR DEPT. USE ONLY | | |
| Drafted by: HWeiner:jw | | | Contents and Classification Approved by: PRaine | | | <input checked="" type="checkbox"/> In <input type="checkbox"/> Out | | |
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DEPARTMENT OF STATE
AIRGRAM

732.00/9-1862
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A-9 No. 1962 SEP 24 AM 8 42 HANDLING INDICATOR

TO : DEPARTMENT OF STATE

FROM : Amconsul PORTO ALEGRE

ANALYSIS & DISTRIBUTION BRANCH

DATE: SEP 18 1962
DEPARTMENT OF STATE
BUREAU OF INTER-AMERICAN AFFAIRS
SEP 24 1962

SUBJECT: PORTO ALEGRE WEEKLY SUMMARY No 25

1. Local Manifestations of National Crisis and General Strike
2. RGS Election Campaign Developments
3. Miscellany

Rm/An-Me-6-1

1. Local Manifestations of National Crisis and General Strike

In view of the pressures that were built up both locally and nationally during the period immediately preceding the beginning of the "esforço concentrado" of the Congress, widely heralded in the local press as the ultimate showdown between President Goulart and the Chamber of Deputies, some apprehension was felt that the Congress might be forced to concede extraordinary powers to Prime Minister Brochado da Rocha and agree to a plebiscite for October 7 to coincide with the national elections.

On September 13, the Porto Alegre press prominently carried the text of the telegram from III Army Commander General Jair Dantas Ribeiro to War Minister General Nelson de Melo, in which Jair pointed out that with the Congress in an intransigent mood, with the resignation of the Cabinet imminent, with the first manifestations of nonconformity with the situation by the people of Rio Grande do Sul observed, and being responsible for the maintenance of order, law and internal stability, he was not in a position to assume such responsibility with assurance of success, if the people rose

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against the refusal to grant the plebiscite before, or at least concurrently with, the October elections. He went on to say that the people are sovereign and the refusal to grant it the right to pronounce on the system of government, displayed a wish to destroy Brazil's institutions. He said that he had placed the III Army on alert and was awaiting the War Minister's orders. The press also announced that the state militia, Brigada Militar, was also on alert status.

In spite of the efforts of Governor Brizola and General Jair to create the impression that an atmosphere of tension existed throughout Rio Grande do Sul and that the masses were restive as a result of the apparent unwillingness of the national Congress to break under the administration's pressure for the concession of the plebiscite for October 7, the general situation throughout the State was quiet and normal. The press, in general, and the Caldas Junior media, in particular, pointed out that all inquiries disclosed that no particular tension existed in this State. General Jair's telegram to Nelson de Melo appeared to all informed observers as absurd, since he obviously had the military capability to suppress any attempt to upset the public order, it being interpreted as an obvious move to pressure the Congress at Brasilia into a precipitate concession on the plebiscite issue. Notwithstanding Jair's recent switch from his previous apolitical position, most observers were convinced that the real originator of the telegram was Governor Brizola.

By mid-afternoon, War Minister Nelson de Melo's reply to General Jair was being circulated widely by both press and radio. The War Minister flatly rebuffed General Jair saying that the latter was not in a position to comment on matters being considered by the Congress, the Council of Ministers and the President, and that he was certain that Jair had the necessary means at his disposal to maintain public order in his area of jurisdiction. At this time the Consulate became aware that Jair was practically alone amongst his III Army peers in the position he had assumed.

On September 14, in view of the strong stand taken by the Congress which led to the resignation of the Cabinet and Prime Minister Brochado da Rocha, most contacts felt that the situation had cleared significantly (probably since events in Brasilia occurred too rapidly for Brizola to have any chance to exert his influence) and the outcries of shocked surprise from all quarters at the implication of Jair's telegram were carried prominently in all news media. Jair lamely replied that he had only carried out his duty by informing the War Minister of the situation as he viewed it. By Friday afternoon, with ex-Prime Minister Brochado da Rocha's return to Porto Alegre having been assimilated easily, attention began to focus on the next act of the play, Governor Brizola's weekly radio broadcast, and the rumored general strike to take place on Saturday. The Caldas Junior interests made up of Correio de Povo, Folha da Tarde and Radio Guaiaba, had throughout the week taken the leading role in countering the Brizola-Jair efforts to create tension and these media, as a result of their courageous and outspoken stand in defense of

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the country's democratic institutions now feared the possibility of depredations to their establishments by Brizola-inspired bullies. However, the Governor during his 2 1/4 hour peroration seemed less fierce than usual and almost distraught, seeming to lose his train of thought at times. Such exhortations as he made seemed to fall on apathetic ears with little of the usual applause being heard. On the other hand, Brechade da Rocha, in 8 minutes at the end of the meeting, was much more inflammatory than the Governor, but no untoward event took place when the broadcast ended well after midnight. Brizola announced that the strike would commence at midnight and while he guaranteed the right to strike, he also guaranteed the right to work for those who so desired. This had not been the case in previous strikes here and was probably the result of a concerted action by the democratic-oriented unions in Porto Alegre, who had been pressing for such guarantees throughout the week following the announcement in Rio by the Comande Geral de Trabalhadores (CGT) that a failure on the part of the Congress to make concessions to the Goulart administration would lead to such an eventuality. Brizola also guaranteed the provision of such essential public services as electric power and water, and stated that the Brigada Militar would enforce those guarantees. The general strike called by the State Comande was signed by all the leading Communist labor leaders.

On Saturday, usually a half-hearted work day at best, the strike was in partial effect, with 60 to 80 percent of retail stores open, and factories reporting 90 percent of their employees present. Public transportation operated except for trolleys, whose power was shut-off and even trolley men protested at being denied by the electric power workers of their right to work. Several groups of pickets attempting to close banks and other commercial establishments were dispersed by police and Brigada elements and it was seen apparent that the strike never had a chance of success. During the morning, the Caldas Junior media had their power arbitrarily shut-off, but Radio Guaiba, using its own supply, displayed naked courage in protesting vociferously against the illegal power cut. Brizola himself is said to have ordered the restoration of electric power to the Caldas Junior media and Polha da Tarde did appear, although later in the day than usual. Interesting to note is that neither Jornal de Dia nor Ultima Hora appeared on Saturday, due to the lack of electricity at their joint printing establishment.

By mid-day, Sunday, the situation in Porto Alegre had returned to absolute normal with all public services operating, and by the end of the day both III Army and Brigada Militar had reverted to normal from alert status.

In assessing the events of the past few days, the consensus of informed local opinion is that the political crisis was broken by two factors: 1) the complete rebuff to General Jair contained in War Minister Nelson de Melo's reply, most people feeling that Jair had been

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completely discredited, some even feeling that Jair had no recourse but to resign as III Army Commander. A few observers felt that Nelson de Melo should have fired Jair forthwith, but perhaps at the time the Minister did not feel strong enough in his own right to do so. The second factor in breaking the crisis was the approval of the Valadares amendment which set the plebiscite date for January 6. In truth, this would appear to be a compromise between the October 7 date sought by the administration, and the April 15 date which it seems the Congress would have preferred, but the stipulated date is certainly no victory for Brizola and company. On the local scene, Brizola suffered two major defeats from which he may never recover. One was the failure of the Rio Grande de Sul PTB Federal Deputies to heed his instructions to vote against the Valadares amendment, the second being the complete failure of the local strike. The Consulate believes that two factors assured this failure, the first being the extraction of the guarantees from Brizola by the local non-Communist-dominated labor unions of the right to work during the strike, which prevented the Governor from giving clandestine support to the strike. The recent efforts of the Movimento Sindical Democrático to penetrate this Communist-dominated labor movement would appear to have borne fruit and it is not believed likely that a politically motivated strike will be successful in this area in the foreseeable future. The second factor in inhibiting the Governor's behind-the-scenes support of the strike was the fact that the majority of subordinate military commanders, disgusted at the posture assumed by General Jair, were determined to defend constitutionality at all costs, including possible insubordinate action to maintain public order. Even apolitical Brigadeiro Adamastor Cantalice, Air Zone Commander, came out for constitutionalism, and associated himself with Jair's opposition. It seems quite clear that both Brizola and Jair were and are aware of such a movement within III Army.

Brizola undoubtedly has further plans and may not be counted out but the cards up his sleeve are no longer top honors in the view of most Consulate contacts. In order to further his political career, Brizola would do well now to concentrate on his election as Federal Deputy from Guanabara and hope that a return to presidentialism may mean a Cabinet post for him, for the apathy with which even the so-called "popular forces" in Rio Grande de Sul received the strike call should be a clear indication to him that they are more concerned with working to earn their ever more costly daily bread than they are with his political machinations.

2. Rio Grande de Sul Election Campaign Developments

Although not of local interest, the leading campaign development was the announcement from Rio that Governor Leonel Brizola's candidacy for Federal Deputy from Guanabara had been formally registered by the Tribunal Regional Eleitoral (TRE).

Needless to say, the interest in the local campaign flagged during

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the week, as a result of the focus of attention on developments in Brasilia but the three candidates for governor continued their active campaigning in the far reaches of the State.

A high ADP official stated this week that his prediction for the outcome of the gubernatorial race was as follows: ADP candidate Meneghetti, 500,000 votes; blank or nullified ballots, 200,000; and MTR's Ferrari and PTB's Michaelson, approximately 400,000 each.

The PTB has announced that it will hold a meeting in Porto Alegre on September 24 of some 86 PTB prefeitos who will be accompanied by 2 or 3 of the leading petebistas from each município. The idea behind this meeting is to organize a last minute rush in support of Michaelson, this tactic having been used quite successfully during Brizola's campaign in 1958. The press announced today that ex-Prime Minister Brechade da Rocha will participate actively in the PTB and Michaelson campaign. The Consulate cannot assess as to whether this will be a net advantage or disadvantage to Michaelson in view of Brechade's recognized close identification with Brizola's philosophy.

Both the PTB and the ADP in paid press propaganda have been attacking Ferrari's candidacy hard and we interpret this as evidence of growing fears as to his vote-getting appeal. It is recognized that the urban labor group shows considerable disposition toward Ferrari's candidacy, and it is interesting to note that perhaps not to alienate any labor group, Ferrari did not take a firm position during the strike period this past week. He has made a point of stating that if elected he will select his closest collaborators according to his own lights, freely and with no conditions attached. It is noted, however, that Ferrari as yet has taken no strong anti-Brizola stand at any time during his campaign. Reports continue to be received that Ferrari's penetration into the rural vote is greater than generally realized but it should be recalled that the pre-Meneghetti parish priest continues to be the most important opinionmaker in the rural area.

Our present estimate is that while Ferrari and Michaelson may both be gaining adherents toward the end of the campaign, thus making firm predictions difficult, Meneghetti still remains the anti-Brizola symbol and Brizola is the campaign issue.

The Aliança Republicana Socialista (ARS) has said that it hopes to elect two State Deputies; one being Marino dos Santos, PCB member of the Porto Alegre municipal council, and either Jorge Alberto Campezzato or Fulvia Petracce, both PCB members. With regard to the registration by the Tribunal Regional Eleitoral (TRE) of the ARS candidates for State Deputies, a former DVPS (Divisão de Ordem Política e Social) officer said this week that DVPS showed bad faith in not providing the TRE with information on their Communist activities for he definitely knew that much information existed in DVPS files on these candidates.

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3. Miscellany

a. Elyseu Paglieli, 64 year old Rector of URGS (University of Rio Grande de Sul) since 1952, has been named Minister of Health by President Goulart in the new Cabinet under Prime Minister Hermes Lima. Paglieli, a prominent neurosurgeon, is presently inactive in PTB circles but is a close friend of Janga, Brizola and Brechade da Rocha.

b. Recently promoted Brigadier General Albino Silva, who came Army as Chief of Staff with General Jair, has been selected as Chief of Presidential Military Household to replace General Amaury Kruehl, new War Minister.

c. Port Captain Enio Meira Vale, reportedly a relative of Governor Brizola, assumed his duties on September 12.

d. Some alarm has been expressed in Porto Alegre and Rio Grande de Sul in general over a probable shortage of petroleum products brought about by the two week old merchant marine strike. Unless some immediate solution is found, electric power, public transportation and private motor vehicle traffic could be affected within the next week.

e. According to the press, private rice merchants are expected to take judicial recourse in connection with the prohibition of exports of rice to other states in Brazil in order to break the present IRGA (Rio Grande de Sul Rice Institute) and Cooperative monopoly on rice shipments.

f. The annual election for officers of the principal university student organization, Federaçao des Estudantes da Universidade de Rio Grande de Sul (FEURGS) was held on September 10.

There were three slates, the Situation, headed by Abner Cavalcanti Tabajara; Moderate Opposition, headed by Carlos Alberto Giulian, and Opposition, led by William Melarinho.

FEURGS has been marked by two successive years of extreme left leadership, and hence this year's elections were watched with some concern. Victory, however, went to the Moderate Opposition Giulian, who won by a margin of 171 votes more than his nearest opponent. There was a violation of four voting urns, one from the school of agronomy and three from the school of engineering, because apparently more votes were cast than registered voters. However, even with the suspended weight of these frozen votes, neither of the losing candidates could have overtaken the victor. There remained only the possibility of the university council deciding to hold the elections again, which did not occur and on the 14th Giulian officially declared President of FEURGS.

The optimistic hope is that the incumbent slate's defeat means

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ending the two years of far-left university student activity. However, it is our fear that the moderate opposition was nothing more than a sleeper for the incumbent forces. Two years ago, Fulvio Petracec won the FEURGS elections on such a slate. Once in office, he proved to be much farther left than the defeated candidates, and was a tireless agitator. Giulian was his vice president. The new officers, who take office September 20, are:

| | |
|------------------------------------|--------------------|
| Carles Alberte Giulian | President |
| Hiram Attila Oliva | 1st Vice President |
| Francisco Henrique Viana de Araujo | 2nd Vice " |
| Jegé Antonio Carchedi | 3rd Vice " |
| Joao Carles Haas | 4th Vice " |



Frederick D. Sharp III
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DEPARTMENT OF STATE

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HANDLING INDICATOR

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BUREAU OF
INTER-AMERICAN AFFAIRS
SEP 24 1962

FROM : Amcongen SÃO PAULO

DATE: September 19, 1962

SUBJECT : Weekly Summary No. 38

REF :

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9/28 - gwc

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POLITICAL

1. Business as Usual in São Paulo

Paulistas had to read the papers to find out there was a crisis on. The Communist-led, politically motivated general strike (item 4) failed dismally -- as usual -- except in Santos. Even in Santos it was less successful than usual. Governor CARVALHO PINTO did not reassume office (he is on recess during the campaign), but flew off on an electoral junket in the middle of the excitement. He did issue a strong call for the crisis to end: "That's enough crises; we're fed up with irresponsibilities; we want to work and live in peace." This was made less dramatic by the Governor's usual failure to point out the author of the "irresponsibilities" (he seems determined to keep President GOULART on his side at any cost till after elections). Though absent from the national scene, however, Carvalho Pinto saw

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In Out

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to it that order was preserved in São Paulo. The police efficiently put down the beginnings of the strike. It was just as well that they could do so: Second Army General Pery BEVILACQUA put out frequent bombast in favor of law and order but showed no specific intentions of backing the State Government in fighting the strike (Item 3). (CONFIDENTIAL)

Comment: Whatever one thinks of the Governor's refusal to accept national responsibility, it must be admitted that his policy has kept São Paulo the best place in Brazil for citizens to "work and live in peace." Perhaps this will be remembered longer than the rest. (LIMITED OFFICIAL USE)

2. The Latest Resignation Helps Jânio

In his resignation speech, Prime Minister BROCHADO DA ROCHA said: "The increase in economic tensions and political pressures, the party structure in Congress, and factors of an international sort led the honored Mr. Jânio QUADROS to resignation [of the Presidency]...." Even without this virtual endorsement of his claim that he was "overthrown" by "occult forces," Quadros would have profited from the latest Prime Ministerial resignation, as he did from Auro Moura ANDRADE's: it gave Jânio a chance to repeat his line that "it is not possible to govern with that reactionary Congress." He lost no time in taking advantage of the new opportunity. The lack of authoritative government since his resignation has greatly helped him, leading many who ought to know better to relax suspicion of his fishy explanations. The latest resignation is probably just what was needed to give Jânio a slight lead over his two opponents. He is still believed to be concerned about his penetration in the rural zones, where he is probably behind one or both of his rivals. But his acceptance in the factory districts seems to be enough to offset that, though no means of making accurate measurement are available.

There could very well be major changes in the three weeks before the elections, but probably the only one big enough to make Quadros' chances look really slim would be Adhemar de BARROS' withdrawal. Adhemar and José Bonifácio NOGUEIRA are united by aversion to Jânio, if nothing else. But José Bonifácio is believed to be too stubborn to withdraw, and even if he did, Adhemar might not have what it takes. Adhemar is strong in a three-man field but would perhaps not be strong enough to win more than half the votes alone against Jânio, his traditional rival. José Bonifácio, on the contrary, is poorly suited for the three-man race but would be strong if he could unite the pro-Carvalho Pinto vote with all the anti-Jânio vote. José Bonifácio has been doing much better lately but has not been able to relegate Adhemar to a clear third place, a condition necessary for Adhemar's withdrawal. He would be

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foolish to pull out while he thinks he can win.

The election will thus hinge on the all-out drive which Governor Carvalho Pinto and candidate José Bonifácio have started. The State treasury, previously stringently guarded, has apparently been opened for the effort. José Bonifácio seems to calculate that he has won all he can from Adhemar's private reservoir of votes and is now working on Janio's, swinging his campaign line further left for the purpose. One of Janio's favorite counter-weapons is a quote from Time, which called José Bonifácio the "State's aristocratic Agriculture Secretary." The Governor and his candidate have tried to beat this reputation by creating an image of themselves as moderate leftists (not as far-fetched as it sounds: if leftism amounted to accomplishment of reforms rather than just conversation about them, the Governor would be the most spectacular leftist in Brazil). José Bonifácio has loudly praised an "independent" foreign policy, Petrobras, and other nationalist sacred cows. Many leftist/nationalists are cooperating, and even the Communists have helped at least to the extent of hushing their criticism (probably as a result of PTB intercession). None of this has yet been enough.
(LIMITED OFFICIAL USE)

3. Bevilacqua Hesitant in New Command

General Pery Constant Bevilacqua took command of the São Paulo-based Second Army on September 11 (see São Paulo Airgram A-64 of September 14). His pronouncements were closely watched because of his reputation as an extreme leftist/nationalist and a Goulart man, who might be tempted to aggravate the existing political crisis. But the General took a discreet position. He expressed himself on national political affairs which were none of his business, but with caution; and repeated his leftist/nationalist/pro-Goulart line, but with moderation. He mentioned the necessity of accepting whatever decision Congress made. Shortly thereafter, however, he expressed formal support of Third Army Commander Jair DANTAS Ribeiro, who was openly turning heat on Congress from Rio Grande do Sul. Bevilacqua's public statements all contained much hot air and little substance.
(CONFIDENTIAL)

Comment: Bevilacqua's views have apparently not changed much, but he has so far vacillated in taking any sort of action in his important new command. He was almost a neutral figure in the crisis, though his sympathies with Goulart were clear.

War Minister Nelson de MELLO had probably held his old command vacant so long in the hope of eventually reassuming it himself. He should

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have waited another week. Bevilacqua's appointment was supposedly of interim nature, but it remains to be seen whether Goulart will let him be taken out of it now. (LIMITED OFFICIAL USE)

4. General Strike Flops

The political general strike called the evening of September 14 by the São Paulo Workers' State Union Command (Comando Sindical Estadual dos Trabalhadores -- CSET), on order from the national Workers General Command (Comando Geral dos Trabalhadores -- CGT) was almost completely ineffective, except in Santos. Port facilities and some industry in the latter city had already been shut down earlier in the week in sympathy with a partially successful local transportation strike. In São Paulo City, all urban transportation, commerce, communication, public services, schools, and virtually all industrial plants functioned normally on September 15. Some banks were closed, and the Santos-Jundiaí Railroad was paralyzed. Besides the bank workers and railroad workers, other São Paulo local unions which issued general strike calls included the metalworkers, printing trades workers and textile workers. In the interior of the State, while a few factories were affected in Campinas, Jundiaí, and the ABC industrial satellite cities, the overall situation was normal. The State Police (Força Pública) prevented a kickoff rally for the general strike scheduled for the evening of September 14 in a central São Paulo square, and forestalled strike picketing. A few pickets were arrested and soon released; no violence was reported. Both the Democratic Union Movement (Movimento Sindical Democrático -- MSD) and the Union Renovation Movement (Movimento Renovador Sindical -- MRS) published manifestos attacking the strike as Communist-inspired. Independent non-Communist Paulista union leaders loosely gathered into a so-called "third force" neither participated in nor attacked the strike. (UNCLASSIFIED)

Comment: The general strike order emanating from the CGT in Rio de Janeiro was brought to the São Paulo Communist-oriented CSET the afternoon of September 14 by Luis TENORIO DE LIMA, President of the São Paulo State Federation of Food Workers and top Communist Paulista labor leader. Only Communist-controlled São Paulo unions participated in the strike. Communist CSET and Inter-Union Unity Pact (Pacto de Unidade Intersindical -- PUI) leaders showed little interest in martyrdom and dispersed after issuing the strike call to avoid arrest. The Communists' special effort to paralyze urban bus and streetcar service, thereby disrupting commerce and industry, was unsuccessful. Prompt and forceful measures by the State Police, the anti-climactic timing and the lack of appeal to Paulista workers of the political motivation for the stoppage were the main reasons for the strike's failure.

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Many observers believe that the Communist union leaders realized in advance that the strike was doomed to failure and deliberately chose a Saturday (when most factories, stores and offices operate half-day if at all) to give the illusion of a significant stoppage which in reality did not occur. President Goulart was generally considered to have encouraged the strike, at least initially. Much current speculation concerns the form Goulart's payoff to obliging Communist labor leaders will take. (LIMITED OFFICIAL USE)

PSYCHOLOGICAL

1. Local Press Reaction

Brazil's political pot boiled mightily this week and cooked up, amongst other things, a mass of editorials. President "Jango" Goulart's and Premier Brochado da Rocha's mighty maneuvering to force a reluctant Congress into calling for an early plebiscite on presidentialism versus parliamentarianism, found the newspapers of São Paulo predominantly pro-Congress. Exceptions were Goulart-controlled Correio Paulistano and leftist/ultra-nationalist Ultima Hora, which latter found its expediency to lie with Goulart as well. Several papers, most notably prestigious O Estado de São Paulo, saw dictatorial tendencies behind Goulart's maneuverings. Most identified the threatened general strike as a regime-directed tactic to coerce Congress. As the crisis reached its peak, most editorialists expressed confidence in the military as defender of constitution and democracy -- a confidence they found justified when the Minister of War effectively slapped down the Third Army Commander's attempt to influence the situation against Congress and for a quick plebiscite.

With the natural exception of Ultima Hora (which was unusually silent on the topic), São Paulo papers this week strongly condemned Cuba and her Soviet backers, approved President Kennedy's stated position, and agreed that the U.S. could and should take action against Cuba when and if she became a great threat to the Hemisphere. Several editorialists, including O Estado's, blamed Brazil, by virtue of Jânio Quadros' foreign policy and the country's stand at Punta del Este, for having strengthened Communist Cuba's position.

The Latin American Free Trade Area garnered several editorials: LAFTA is in its infancy but can be important if raised properly.

A number of editorialists dwelled on Brazil's sorry financial situation, the need for stabilization of the cruzeiro and the fact that measures

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recommended by monetary experts will fail without support from political authorities. The importance of foreign investment to Brazilian development was stressed by several writers. Ultima Hora called foreign loans to national companies beneficial to the economy, those to foreign-controlled companies prejudicial.

Berlin gleaned several columns: The U.S. position there is a "safeguard" for the free world; no trade-off possible between Berlin and Cuba; the problem of Fidel is minor in comparison with the other critical situation.
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Daniel M. Braddock

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Minister Consul. General

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