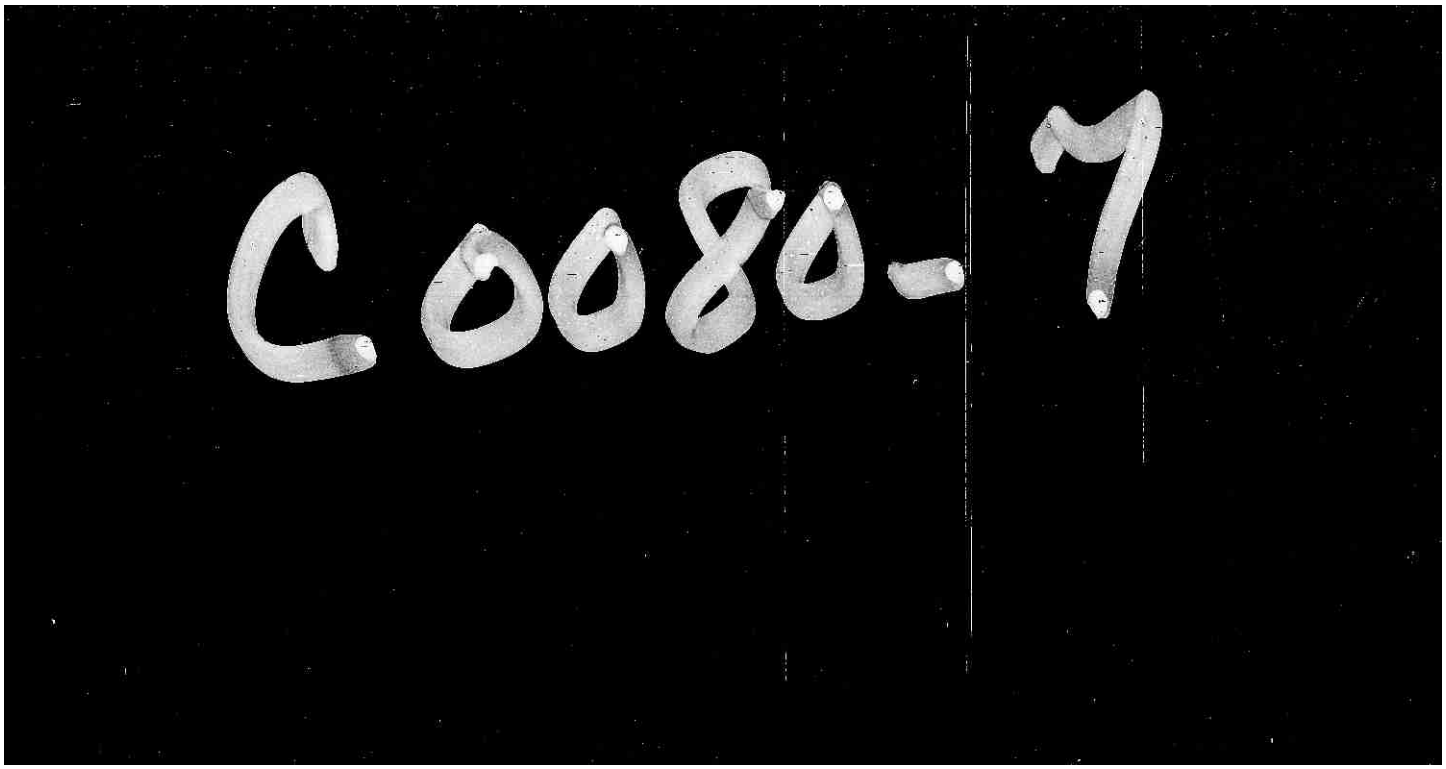

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ROLL 7

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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

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		INTERNAL AFFAIRS BRAZIL, 1960-1963
	Roll No.	**Roll Contents**
	Roll 1	732.00/1-160-732.00/9-1960
	Roll 2	732.00/9-2060-732.00/7-2861
	Roll 3	732.00/8-161-732.00/5-1262
	Roll 4	732.00/5-1462-732.00/9-1962
	Roll 5	732.00/9-2062-732.001/5-561
	Roll 6	732.001/5-1261-732.13/5-3162
This Roll →	Roll 7	732.13/6-262-732.563/8-362
	Roll 8	732.563/8-1662-832.00/10-1060
	Roll 9	832.00/10-1160-832.00/10-661
	Roll 10	832.00/10-1361-832.00/10-962
	Roll 11	832.00/10-1162-832.05111/12-560
	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
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	Roll 19	832.2614/7-2662-832.424/9-1062
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	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
.002 Fascism, Nazism
.003 Socialism

{For espionage, and subversive activities, see 7**.52##}

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.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 academies
.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**.054
.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 — For processing or manufacturing of food, etc., see 8**.31
.2352	Sugar beet — For processing or manufacturing of food, etc., see 8**.31
.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, Cocoanuts (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
.242 Domestic animals
.2421 Beasts of burden
.2422 Stock raising
.24221 Cattle
.24222 Sheep
.24223 Swine
.24224 Poultry, Eggs
.24225 Ostriches, Ostrich farming
.2423 Dairying, Milk, Cream
.2424 Bee culture, Honey
.2425 Silk culture, Sericulture
.243 Wild animals, Game laws
.2431 Hunting and trapping industry
.2432 Birds
.244 Fur seals. For treaties, see 6**.##7
.245 Fisheries (including sponge fisheries). For treaties, see 6**.##6
.2451 Other products of the sea, Pearls, Pearl fishing
.246 Whaling. For treaties, see 6**.##8

.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**.02
.261 Public works, Public construction. For harbors, docks, and ports, see 9**.734
.2611 Buildings, Markets, Market places
.2612 Roads, Highways, Bridges. For railroads, see 9**.712
.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**.24224 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, *edible*

.32 Animal and vegetable products, *inedible*
.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, *inedible*. For medicinal oils, see 8**.3971
.3251 Tung oil, Palm oil
.326 Miscellaneous animal products, *inedible*
.327 Miscellaneous vegetable products, *inedible*
.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**.332
.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**.395	Beautician and barber equipment and supplies
	Toilet preparations, Cosmetics
.396	Scientific and professional instruments and equipment (surgical, dental, optical, etc.)
.397	Chemicals and dyes, Industrial alcohol
.3971	Medicinal and pharmaceutical preparations, Drugs, Disinfectants. For illicit traffic in narcotics, see 8**.53
.3972	Fertilizers
.3973	Explosives (non-military) (see also 8**.36)
.3974	Paints and varnishes, Stains, Enamels
.3975	Soap, Cleaning compounds, Polishes
.3976	Chemical specialties, Plastics, Celluloids, Cellulose, Cellophane, Resins
.398	Notions and novelties, Flags, Pennants, Emblems, Badges, Pins
.399	Morticians' supplies and equipment
8**.40	Social matters, Conditions (general)
.401	Population, Statistics, Census
.41	People
.411	Race problems, Disturbances, Massacres, Pogroms, Displaced persons, Refugees. For political refugees, see 7**.00
.412	Language, Literature
.413	Religion, Church. For protection of religious missions, see 2**.##
.414	Manners and customs, Dress, Mode of life
.4141	Marriage, Divorce
.4142	Welfare of mother and child. For child labor, see 8**.063
.42	History
.421	Historical relics, Manuscripts
.422	Monuments, statues, memorials
.423	Public records
.424	Commemorative celebrations
.425	Holidays
.43	Education
.43A	Advisers
.431	Elementary education, Primary schools, High schools
.432	Advanced education, Universities, Colleges, etc.
.433	Technical, Commercial, Agricultural
.434	Education of the blind, physically handicapped
.435	Vocational
.436##	Reciprocal recognition of diplomas
.437	Libraries (see also 5**.##1)
.44	Fine arts
.441	Painting, Drawing
.442	Sculpture
.443	Architecture
.444	Engraving
.445	Photography
.446	Music

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

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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

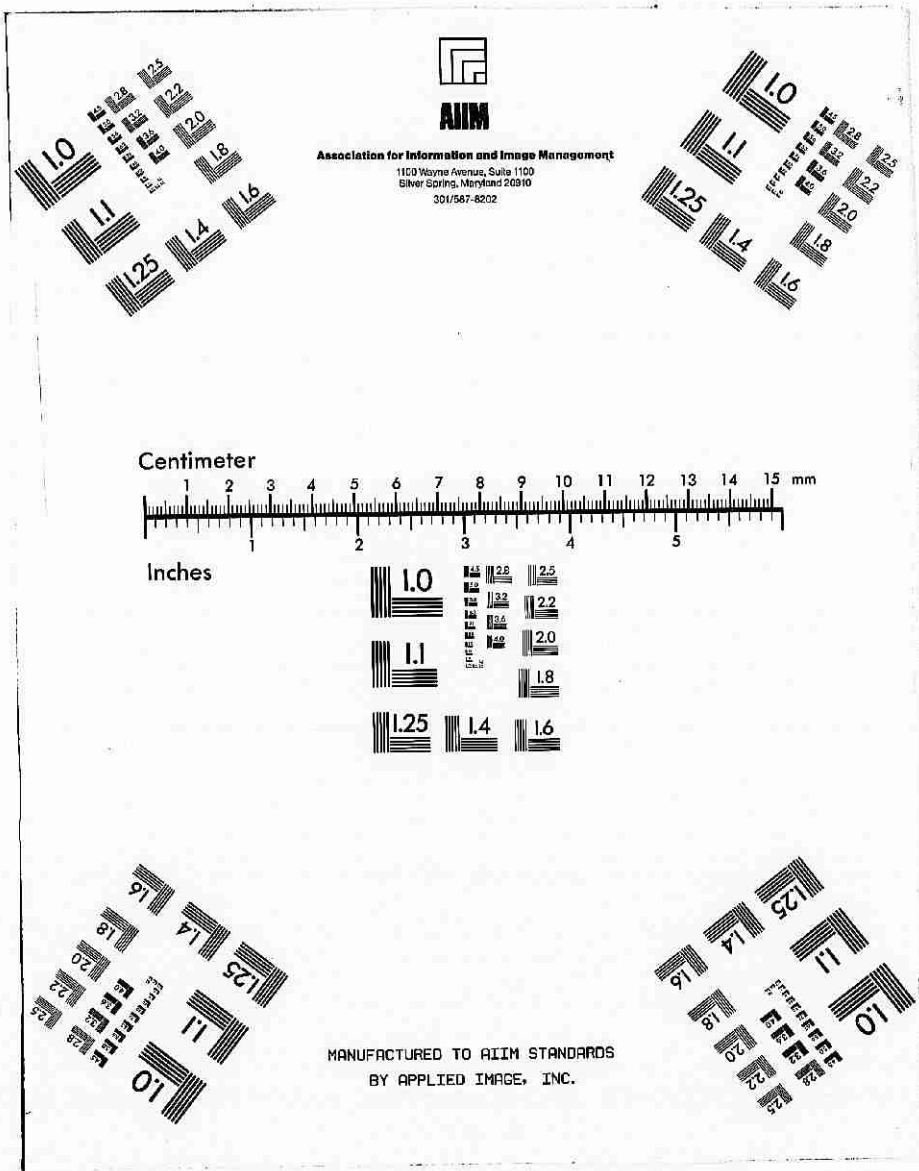
9**.726	Sale, Purchase (** indicates nationality of purchaser), Charter, Registration, License, Libel
.727	Documentation and inspection, Cargo, Manifests, Bills of health, Entry and clearance
.73	Water transportation, Merchant vessels, Merchant marine, Yachts (includes all water transportation inland, 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 seamens' 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

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

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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Control: 1483
Rec'd: June 2, 1962
4:36 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 2839, June 2, 4 p.m.

Friday midnight phone conversation between Ambassador Campos (on evening departure for Geneva) and Dantas in Brasilia evoked following information.

Cabinet substitution may now be deferred until end of month because great difficulty finding Prime Minister. Tancredo Neves being subjected considerable pressure abandon deputy race in order remain, but this may encounter overwhelming Congressional opposition.

Commission on public service industry transfers likely to consist of Paulo Richer, young physicist working with Eletrobras, Demostheones Madureira de Pinho, highly respected lawyer, and General Carlos Berenhauser, former head San Francisco hydro-electric authority. Campos thinks highly of the latter two, but has doubts on Richer: Dantas, however, sure Richer good man. Announcement hoped next week, with invitations to Henry Sargent and others forthcoming soon thereafter.

COCAP commission members, apart from Bulhoes Pedreira ex-officio, probably as follows:

Joao Pinheiro; Cibilis Viana; Helio Schlittler da Silva; Luiz Simoes Lopes; and Celso Furtado for linkage with Sudene.

These all good except Cibilis, who has close Brizzola connections.

ITT developments being reported separately.

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Control: 20521
Rec'd: May 28, 1962
3:47 p.m.

RIO 2792

FROM: Rio de Janeiro

TO: Secretary of State

NO: 2792, May 28, Noon

Following from Brasili:

Led by Euripides Cardoso de Menezes (Udn-Guanabara) 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 weeka 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 Possibility

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developing these Deputies may find in Dantas censure motion means bring about cabinet fall and may join with Acao in sufficient numbers to ring no-confidence vote during this week when Congress will have quorum before going back home for another two weeks campaigning.

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Rec'd: May 31, 1962 11:00 a.m.

INFO:

RIO 2816

FROM: Rio de Janeiro

TO: Secretary of State

NO: 2816, May 30, 6 p.m.

PRIORITY

Following from Brasilia:

EMBTEL 2792.

Following full day debate, Chamber Deputies late last night overwhelmingly defeated motion censuring Foreign Minister Dantas for Brazilian position Punta del Este by 131 to 44 vote.

Lengthy morning session devoted largely attacks by Acao Democratica centering on Dantas Cuba policy and concern Communist infiltration generated by recent rapprochement with Soviet Union. Afternoon appearance Dantas devoted largely formal defense Punta del Este position with repetition previous arguments defending GOB position interrupted at end by almost uncontrollable commotion made on his critics, with latter apparently maintaining initiative.

Night debate which broadened into all aspects foreign policy, by contrast relatively calm and orderly with censure supporters no match for calm, courteous, articulate and confident San Tiago Dantas. Dantas supporters, largely moderate PTB elements fed him friendly questions while critics were weak and little in evidence (one so-called critic fed him loaded question "does US State Department approve Brazilian foreign policy?").

Question Chamber confidence Cabinet itself never aired during debate

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debate which concerned solely question foreign policy. PSD malcontents (who previously indicated intention use censure motion as device bring Neves Cabinet down) meekly followed party leadership when chips down, as did virtually all UDN.

Worth noting that while Dantas largely stuck to basic approach equating West with Soviets inferring that Brazil could play honest broker role for preservation peace, he did so in context insistence on Democratic, Christian and anti-Communist bases and objectives Brazilian policy. Also used argument that both Church and US support GOB policy basing former contention on recent audience with Pope and latter on recent US grants of aid plus published remarks attributed US Ambassador in Belo Horizonte in response journalist question that "he praised Brazil's independent position which he said did not interfere with good relations between our country and US". Actually Ambassador in Belo press conference said US had no objection to independence by friends and allies, and had no desire for satellites but felt that underlying community of interests between US and Brazil should result in similar policies independently arrived at on most important international issues.

Thumping pro-Dantas vote will be used by government (which much in evidence during course debate in person Prime Minister and other members Cabinet) to limit with hope quieting recent strenuous attacks on foreign policy from Conservative press. Opposition to Brazil's new foreign policy from Deputies willing to be counted is obviously negligible and Acao Democratica Parlamentar has considerably less strength than it estimated.

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6:27 p.m.

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FROM: Rio de Janeiro

TO: Secretary of State

NO: 2833, June 1

E 2T/6 file PC 6662

Press reports official IBC notice that Frazao submitted resignation. Embassy unable confirm if resignation will be accepted. Many names mentioned press as successors listing Ferreira de Paiva or Julio Avelar as possible interim substitute.

Resignation apparently result of differences over internal coffee policy and contribution quota not involved. After rejections GOB's proposed policy for 1962/63 by IBC administrative junta, GOB developed compromise which now accepted by junta but with which Frazao apparently did not agree.

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Control: 5556
Rec'd: June 7, 1962
7:24 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

INFO:
RM/R FILES

NO: 2878, June 7, 6 p.m. (SECTION ONE OF THREE)

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 /has

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has become rule. There is universal and justified criticism absence effective authority. President has political, no administrative power or machinery; Cabinet little political power at moment, while individual Ministers have considerable autonomy. Little infrastructure exists for public administration under new system since President no longer has machinery in his control while Cabinet must operate "by seat of pants" until Congress passes complementary legislation which include provision for appointment sub-secretaries. This measure passed by Senate but requires Chamber consideration amendments. Will probably become law by end month.

Principal parties now engaged in jockeying for Cabinet posts which now appears likely continue for at least another week and perhaps til eve July 7 deadline, with consequent danger undesirable last-minute appointments. Prospect at moment however (see reference telegram) is that Cabinet will be reasonably able if far from ideal. At least operative elements in situation are aware of need for non-stop gap Cabinet to get administrative machinery moving but whether they can agree on names and party allocation of Ministries remains to be seen.

Goulart May 1 call for constituent powers next Congress partly to promote base reforms and partly secure greater Presidential power. Prospects Congressional acceptance now seem nil. Goulart supporting forthcoming meeting June 8 all Brazilian Governors, who generally oppose Parliamentarism, but this unlikely influence Congressional outcome.

(C) Inflation, ineffective machinery for controlling prices or holding foodstuffs on market pose perhaps most serious threat stability regime. Continued drought and local food shortages north and northeast coupled with increased political activity, much apparently Communist-directed, contain potential for serious trouble unless people that area soon see concrete evidence attention being given their needs.

GOB measures stem inflation have not been inconsiderable (see EMBDES 910) but have been counterbalanced to serious degree



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-3- 2878, June 7, 6 p.m. (SECTION ONE OF THREE) from Rio de Janeiro

by electorally motivated inflationary measures of Congress. Northeast program at last beginning show life and if we continue push hard we can contribute substantially to keeping lid on until long-term program can show results. Establishment COCAP gives hope Alliance for Progress will soon move ahead more systematically.

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Control: 5557
Rec'd: June 7, 1962
7:32 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 2878, June 7, 6 p.m. (SECTION II OF III)

3. As for general political perspective indication mixed but now appears new Congress while moving mildly leftward will continue preponderantly moderate, but with tendency to equalization of three principal parties with PTB increasing at expense PSD and UDN, mostly former. This view shared by Prime Minister who informed me last week slates presented in various states to date indicate dominance safe, non-extreme candidates. Situation somewhat clearer in key gubernatorial contests. Rio Grande do Sul race will apparently be contest between three non-extremists, with Brizzola playing relatively ineffective role. Reports Sao Paulo mixed: Most reporters see Bonifacio, Quadros and Adhemar even, though Prime Minister is confident Quadros fading and may even withdraw with Adhemar gaining. Pernambuco contest presents much darker picture with trend to Arrais bandwagon, but much jockeying to find stronger moderate candidate than Cleofas.

4. Increasingly stormy political atmosphere has caused renewed uncertainty military circles. Renewal recent weeks rumors regarding imminent shifts key high commands and military Ministers has combined with noisy military club election contest to suggest resurgence intra-military rivalry characteristic political crises recent Brazilian history. Consistent denials only partially allay conservative fears that Goulart considering replacement present moderate military leadership by left-leaning officers. Despite rumors, however, armed forces continue mainstay for order and stability and no significant change evident.

/5. Labor

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-2- 2878, June 7, 6 p.m. (SECTION II OF III) from Rio de Janeiro

5. Labor picture also unclear. We continue concerned over administration's close relations with Communist labor leaders. Despite Goulart's categorical statements to me that he does not want Communists dominant or strong in labor field, and some reports of action to reduce their influence, there is little sign as yet of clear-cut objective evidence of change in administration's position. However, if Communists should continue attack President openly, as they did in Rio on May Day, they may themselves help Goulart sever his ties with them.

6. Church appears present relatively bright spot. Recently reported decision launch nation-wide church-backed electoral campaign effort of both anti-Communist and strongly Social Reformist nature appears mark most serious effort yet of Brazilian hierarchy to present united front to Brazilian electorate. However problem division in hierarchy between conservatives and "liberal" anti-capitalists by no means resolved and may weaken church effort.

7. Far Right extremists still remain without power to overthrow regime, though they continue such quixotic acts as recent attempt bomb Soviet fair which only provide Left with political ammunition to allege threat of golpe.

8. Some indications leftist elements encouraging Goulart seize full powers with leftist support. Such coup would presumably receive support First Army Commander General Osvino Alves, who recently warning nation dangers rightist coup. Noisy support from Goulart's labor followers would seek give appearance widespread popular endorsement. Embassy believes likelihood such action remote because (A) Goulart probably reluctant to break constitutional forms and (B) prospect that moderate and constitution supporting elements armed forces would suppress such attempt in infancy.

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Control: 5576
Rec'd: June 7, 1962
7:56 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 2878, June 7, 6 p.m. (SECTION III OF III)

9. Despite opportunity offered by present fluid political situation plus considerable pressure from public opinion, Congress has proven unable assert its authority even to extent negative step of overthrowing Cabinet. As indicated by generally positive response to administration anti-inflation proposals, Congress able perform when sufficient leadership provided. Prospects further useful legislation this year bleak due lack of leadership and growing campaign pressures. Moreira Salles and Neves, however, still believe some tax legislation will be forthcoming.

10. Some competent observers believe dangerous period will come after elections when Quadros, Brizzola, and Arrais (who are believed to have given up hope of noticeably influencing congressional results) may call for annulment on basis "economic power" thwarted will of people and attempt lead extreme, even revolutionary, movement under mantle demand for reforms.

11. Goulart's heart troubles have slowed him down perceptibly and lend another uncertain element to current situation. Should he die Presidency would fall to not very forceful, moderately conservative Mazzilli, a cautious practitioner of the possible.

12. Despite rather gloomy picture outlined above, general situation is far from desperate. Much of uneasiness comes normally as result electioneering and while have no doubt Left is trying hard make serious trouble and extreme Right also has some capabilities, in general country is going

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-2- 2878, June 7, 6 p.m. (SECTION III OF III) from Rio de Janeiro

about its business quietly. Most serious present discontent would subside rapidly if good Cabinet appointed with program focussed on containment of inflation, better food supply and distribution, and affirmative approach to a limited number other pressing problems. Sense of authority and direction is principal need, and there remains substantial chance it may be forthcoming.

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FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 2887, JUNE 8, 3 PM

file no action 6-14 RCT

GOVERNOR LACERDA TOLD ME ON EVE DEPARTURE ARAZA MEETING MOST STATE GOVERNORS (APPARENTLY CARGALHO PINTO AND CID SAMPAIO NOW REFUSING ATTEND) THAT UDN GOVERNORS AND OTHER LEADERS, WITH CONCURRENCE KUBITSCHEK, ARE NOW SOLIDLY URGING ON GOULART DESIGNATION AS PRIME MINISTER EITHER JURACY MAGALHAES OR MARSHAL LOTT. LACERDA MADE PEACE WITH LOTT A FEW DAYS AGO. REMAINS OPEN QUESTION WHETHER GOULART DISPOSED ACCEPT.

LACERDA SAID THAT AT TIME GOULART'S RETURN FROM US, MILITARY FORCES PREPARED ENDORSE CONSTITUTIONAL REVISION GIVE PRESIDENT MORE POWER SUBJECT ONLY CONGRESSIONAL RIGHT OVERTHROW INDIVIDUAL MINISTERS. THIS WAS ORIGINAL IDEA MAGALHAES PINTO IN CALLING MEETING GOVERNORS. EVENTS LATE APRIL AND MAY, HOWEVER, RAISED DOUBTS ABOUT "GIVING GOULART BLANK CHECK WHEN HE MAY WANT TO BREAK BANK". ENDORSEMENT CONSTITUTIONAL CHANGE THEREFORE NOW UNLIKELY AT ARAZA.

LACERDA ALSO COMMENTED ON ARMY SITUATION, WHICH LOOKED BAD A WEEK OR TWO AGO, WHEN MIN FAILING TO DISCIPLINE GENERAL OSVINO ALVES. BELIEVES POSITION NOW RECOVERED, AND UNDERSTANDS NEW WAR MIN LIKELY BE EITHER JAIR DANTAS RIBEIRO OR NELSON DE MELLO, MORE LIKELY FORMER.

IF STRONG CABINET APPOINTED, LACERDA CONFIDENT COUNTRY CAN GET THROUGH THIS TROUBLED PERIOD SAFELY. IF NOT, HE FORESEES REAL DANGER ATTEMPT AT LEFT WING COUP SIMULTANEOUSLY FROM TOP AND BOTTOM AND CONSEQUENT SERIOUS CIVIL DISTURBANCE.

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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 GRACIFULLY, HOWEVER.

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

(2)

DLW

microfilmed by RMR

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ACTION ASSIGNED TO	ACTION TAKEN	
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611.13/6-1162

0017

INCOMING TELEGRAM Department

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Control: 9861
Rec'd: JUNE 13, 1962
5:04 P.M.

FROM: RIO DE JANEIRO

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 (#) OF COMMUNISM, REFERRING INSTEAD TO DEFENDING REGIME AGAINST ENEMIES, WHICH IN THEIR VIEW INCLUDED FOREIGN TRUSTS. THEY YIELDED GENERALLY, HOWEVER.

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 IN 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 BAILV* TUESDAY.

OTHER SOURCES INDICATE PSD ADAMANT AGAINST JURACY AS PRIME MINISTER UNLESS (#) TRANSPORT MINISTRY, WHICH VIRGILIO TAVORA

STILL

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-2-2918, JUNE 11, 6 P.M., FROM RIO DE JANEIRO

STILL UNWILLING TO DO. PROSPECTS THEREFORE CONTINUE SHROUDED OBSCURITY.

GORDON

DMJ/PLH

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OMISSION. CORRECTION TO FOLLOW.

Note: Message delayed in transmission.

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0019

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INCOMING TELEGRAM **Department of State** PERMANENT RECORD COPY

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Control: 8996
Rec'd: June 12, 1962
8:53 p.m.

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FROM: Rio de Janeiro

TO: Secretary of State

NO: 2929, June 12, 9 p.m.

RIO 2929

EST/B
6-22-62

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 successfuly 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

(2)

/more conservative

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732.00/6-1262

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Control: 12156
Rec'd: June 15, 1962
1962 JUN 16 AM 7 12 — 7:04 p.m.

FROM: Rio de Janeiro

DEPARTMENT OF STATE

TO: Secretary of State

NO: 2952, June 15, 5 P.M.

ACTION DEPARTMENT 2952, INFORMATION LISBON 13

LIMIT DISTRIBUTION

Reference: Department telegram 3339 repeated Lisbon 840; Lisbon Embassy telegrams 1114 and 1117.

I asked Dantas status his work on Angola during talk June 13. His current political preoccupation for appointment as Prime Minister have absorbed all of his time in recent weeks. He was then expecting to leave the Foreign Office by Tuesday, June 19 and said he hoped to clean up outstanding Foreign Office business before departure. No prospect now for Dantas weekend in Lisbon, and I suspect action will now await appointment new Foreign Minister.

GORDON

MJA-2

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Declassified by RM/R

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ACTION ASSIGNED TO	EUR/WE FRichard	ACTION TAKEN	None required	
NAME OF OFFICER & OFFICE SYMBOL		DATE OF ACTION	6/16/62	DIRECTIONS TO RM/R

TO LR 2952

T-339 00/6-1562 @ 7:22:13

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Control: 12273
Rec'd: June 15, 1962
9:36 P.M.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 2958, June 15, 8 P.M.

RIO 2958

ACTION DEPARTMENT 2958, INFORMATION SAO PAULO UNNUMBERED

Partial CNTI Directorate under direction Pelacani issued manifesto June 14 threatening 24 hour general strike if Congress rejects Prime Minister proposed by President Vr if name suggested does not satisy "people". General strike of indefinite duration threatened until new "legitimately nationalist and democratic" Council of Ministers formed. Manifesto, alleging shortages of commodities are prelude to coup which would establish dictatorship, calls for several objectives including "rejection of financial policies of International Monetary Fund", limitation of profits remission and maintaining "independent" foreign policy. Manifesto signed by leaders of CNTI, CONTEC, (? Maritime, River and Air Transport Workers Confederation (whose president has been leaning toward communists lately) and other communist-dominated federations such as stevedores, port workers, railway and national air transport unions.

Neither CNTI nor signers could establish effective general strike if Goulart opposed. May be effort, approved by Goulart, strengthen his nomination for Prime Minister, possibly Dantas.

Despatch follows.

GORDON

MIM/4

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0022

W I T H D R A W A L N O T I C E

RG: 059

ENTRY: CDF60-63

TAB #: 33

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BOX: 1583

ACCESS RESTRICTED

The item identified below has been withdrawn from this file:

Folder Title: 732.00/6-1762 XR 732.13

Document Date: 20/06/62

Document Ser.#:

TEL 3694 FR STATE TO RIO DE JANEIRO

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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NND: 949515

WITHDRAWN: 02/24/95 by: JAS

FOIA RETRIEVAL #: 949515 01583 00033



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Control: 12838
Rec'd: June 17, 1962
3:22 P.M.

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 andar* 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 Morais. 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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* As received

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W I T H D R A W A L N O T I C E

RG: 059

ENTRY: CDF60-63

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Document Date: 19/06/62

Document Ser.#:

TEL 2978 FR RIO DE JANEIRO TO SECSTATE

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NND: 949515

WITHDRAWN: 02/24/95 by: JAS

FOIA RETRIEVAL #: 949515 01583 00034



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Control: 13646
Rec'd: JUNE 18, 1962
7:43 PM

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 2974, JUNE 18, 6 PM

EST/B-6-22-62 file RC

IN BRIEF CONVERSATION WITH FOREIGN MINISTER DANTAS AFTER EXTRADITION PROTOCOL SIGNING TODAY, AS TOLD ME HE EXPECTS GOULART PROPOSE HIS NAME AS PRIME MINISTER TO POLITICAL PARTY LEADERS OFFICIALLY TOMORROW JUNE 19. MAZZILLI WILL SET EARLY DATE FOR CONGRESSIONAL ACTION, AND IF QUORUM IS LACKING THIS WILL BE TAKEN AS CONGRESSIONAL REFUSAL. IF CONGRESS REFUSES INVESTITURE, DANTAS SAYS HE WILL MAKE MAJOR SPEECH ANALYZING (AND PRESUMABLY DENOUNCING) REASONS FOR REFUSAL, MAKING THIS BASIS FOR NATION-WIDE CAMPAIGN FOR PTB DEPUTIES AIMING AT HIS BECOMING PRIME MINISTER IN JANUARY. AT SAME TIME, HE WILL CALL ON UNIONS AND STUDENTS TO MAINTAIN ORDER AND TO RESPECT PRESIDENTS CHOICE OF ALTERNATIVE NAME.

AFTER NOMINATION, HE WILL PROPOSE THREE CONDITIONS TO CONGRESS AS BASIS FOR SEEKING CONFIRMATION:

1) OUTLINE OF SHORT TERM PROGRAM, INCLUDING EMERGENCY IMPROVEMENTS IN FOOD SUPPLY MECHANISM, FIGHT AGAINST INFLATION, AND BEGINNINGS OF AGRARIAN REFORM BASED ON PILOT EXPERIENCE ON PUBLIC LANDS AND SOME LARGE PRIVATE ESTATES WITH VOLUNTARY COOPERATION OWNERS;

2) REQUEST FOR LIMITED DELEGATION OF CONGRESSIONAL POWERS TO ACT ON SHORT TERM PROGRAMS; AND

3) FREEDOM TO SELECT CABINET MEMBERS OF HIGH QUALITY.

IN RESPONSE MY QUESTION WHETHER ACCEPTING SUCH VIGOROUS OPEN SUPPORT FROM EXTREME LEFT MIGHT NOT BE DANGEROUS, HE REPLIED THAT

1732, 13/6/1962

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-2- 2974, JUNE 18, 6 PM FROM RIO DE JANEIRO

HE REPLIED THAT IN PRESENT UNSOPHISTICATED STATE BRAZILIAN PUBLIC OPINION, POPULAR GROUPS UNABLE MAKE FINE DISTINCTIONS BETWEEN MINORITY REVOLUTIONARIES AND TRUE POPULAR MAJORITIES. AT THIS JUNCTURE, THEREFORE, HE COULD NOT AFFORD TO FOREGO SUPPORT COMMUNISTS AND EXTREME NATIONALISTS. (IN FACT, HE HAS BEEN NOT ONLY NOT FOREGOING BUT ACTIVELY ENCOURAGING SUCH SUPPORT.)

GORDON

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IN ACTION

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DEPARTMENT OF STATE

AIRGRAM

732.00/7-1962
XR 732.13
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A-83 NO. | ~~CONFIDENTIAL~~ SECRET | PRIORITY HANDLING INDICATOR

TO : Department of State

This document consists of 5 pages, Copy ___ of ___ copies, Series ___

FROM : Amembassy Rio de Janeiro DATE: July 19, 1962

SUBJECT : Recent Brazilian Crisis

REF : COPY NO. ___ SERIES B

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.

~~CONFIDENTIAL~~ SECRET

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FORM DS-323 4-62

Drafted by: POL:PRaine:rpc

Contents and Classification Approved by: LGordon

Clearances:

0028

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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INCOMING TELEGRAM *Department of State*

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RIO 2989

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Control: 15599
Rec'd: June 20, 1962
7:59 p.m.

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6-22-62

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FROM: Rio de Janeiro

TO: Secretary of State

NO: 2989, June 19, 6 p.m.

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 Peixoto informed Embassy officer today that party continuing maneuvers basis position and will be given member PSD.

Peixoto 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 Peixoto thought this valid point.

On subject foreign policy (presumably this was part of program) Peixoto 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).

4

Enclosure by RMR

On

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032.1/6-1962 11:19 AM 732.00/6-1962

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-2- 2989, June 19, 6 p.m. from Rio de Janeiro

On subject recent activities Foreign Minister, he said Dantas is no Communist, rather is centrist or rightist but not above using Communists for own gains which he considers dangerous game.

After some prodding admitted party might under certain conditions vote confidence in cabinet headed by Dantas. Much would depend on cabinet make-up and promises for program (i.e., what PSD would get) adding, however, he did not then see how Dantas could promise very much. In any event he said parliamentary confidence vote would be difficult under best of circumstances because of need for 164 affirmative votes.

Peizoto apparently continues credit Goulart with honest intentions, though he was less optimistic about prospects under Dantas.

GORDON

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12	8	3

DEPARTMENT OF STATE

AIRGRAM

732.00/7-1362

XA-732-2

FOR RM USE ONLY

A-51 NO. | OFFICIAL USE ONLY | AIR POUCH HANDLING INDICATOR

TO : Secstate WASHINGTON

FROM : Amembassy BRASILIA Office DATE: July 13, 1962

SUBJECT : Chamber of Deputies Increased in Size
Brazilian Elections 1962 - Election Report No. 17

REF :

Summary

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.

- o -

A Statistical View

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:

1 See enclosure for text.

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FORM DS-323 4-62

Drafted by: HAQuinn:jw | Contents and Classification Approved by: FRaine

Clearances:

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DEPARTMENT OF STATE

AIRGRAM

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732.00/7-1362

A-51

SECURITY CLASS

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HANDLING INDICATOR

TO: Secstate

Representation in the Federal Chamber of Deputies

State	Present Representation	Representation in Next Congress	Gain
Amazonas	7	7	0
Pará	9	10	1
Maranhão	10	16	6
Piauí	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	15	5
Goiás	8	13	5
Matto Grosso	7	12	5
Rio Grande do Sul	24	29	5
Territory of Acre	2	2	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.

0033

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Control: 16335
Rec'd: June 21, 1962
1:17 PM

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 Dantas 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

(2)

RIO 2997

E.O. 12356, 3/11/2002, NLK 73-110

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NAME OF OFFICER & OFFICE SYMBOL		DATE OF ACTION	DIRECTIONS TO RM/R

0034

carrying out program aimed at halting inflation, normalizing food supply and continuing work of present cabinet within principle "perfect fidelity" to "democratic principles" and to "social ideals which motivate our people". Refusing answer specific questions, Dantas reportedly would confirm only that his intended program Government included enactment so-called basic reforms.

3. This surprise maneuver by President interpreted some sources as recognition strong opposition to Dantas reportedly surprising to Goulart who has retreated from original intention present name to Congress and proposed name to party leaders instead to test viability before laying himself open to possible defeat. Indeed, inability Dantas form cabinet would result far less loss prestige Goulart than turn down by Congress. Nonetheless, President has now committed himself publicly and Dantas has all authority he now needs make such deals and arrangements as he can to swing votes to his side.

4. We expect have fairly firm reading next 48 hours on possibilities San Tiago forming cabinet which could get confidence vote. After talks with PSD President, President Chamber Deputies, several key deputies, other knowledgeable sources, following preliminary estimate can be made:

A. Many non-PTS leaders have deep distrust Dantas and will oppose to limits; some (e.g., Chamber President Mazzilli) continue believe situation of few weeks ago has changed to only minor degree and that political furor past few days artificially created in attempt build up bandwagon atmosphere in which Dantas could make enough deals rush him self across.

B. Congressmen well aware they continue controlling element in situation and so far at least show no evidence stampeding. Several deputies and other leaders express serious concern



over use unions and students exert pressure for his approval as Prime Minister and we estimate this will have lost him votes.

C. Pro-Dantas sources estimate 70 - 80 hard core negative votes which means minimum 234 attendance required at session which would consider acceptability Dantas cabinet. These sources agree with anti-Dantas assessment that extremely difficult get such large number assembled during this pre-electoral period. Not since last August crisis has such large number attended Chamber sessions.

GORDON

GDW

0036

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UNCLASSIFIED

Control: 15474
Rec'd: June 20, 1962
4:42 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 2988, June 20

Brazilian Minister Mines and Energy Gabriel Passos died yesterday purportedly from cancer. Successor not yet named.

GORDON

MEJ

RIO 2988

EST/B file
EST/B PEC 6-22-62

Declassified by NARA

MAY 19 2006

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0037

W I T H D R A W A L N O T I C E

RG: 059

ENTRY: CDF60-63

TAB #: 35

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BOX: 1583

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Folder Title: 732.13/6-2162 XR 732.00

Document Date: 21/06/62

Document Ser.#:

TEL 2999 FR RIO DE JANEIRO TO SECSTATE

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NND: 949515

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INCOMING TELEGRAM *Department of State* **PERMANENT RECORD COPY**

RIO 3001

CONFIDENTIAL

Control: 17634 001
Rec'd: JUNE 22, 1962
5:28 PM

56-52
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FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 3001, JUNE 22, 2 PM

ACTION DEPARTMENT 3001, INFORMATION RECIFE UNNUMBERED.

LIMIT DISTRIBUTION

FOR MARTIN

RE DEPTEL 3694.

REPORTED REPLACEMENT FURTADO RUMORED FROM SEVERAL SOURCES IN ADDITION GOVERNOR SAMPAIO, INCLUDING OTHER NORTHEAST GOVERNORS AND PRESIDENTS OF NATIONAL INDUSTRIAL AND COMMERCIAL CONFEDERATIONS REPORTING THEIR TALKS WITH GOULART. SOME NEWSPAPERS RECENTLY SPECULATED THAT IT NOW UNLIKELY EVENT DANTAS BEING PRIME MINISTER, FURTADO MIGHT GET MINISTRY OF AGRICULTURE. I AM CONFIDENT GOULART HAS SERIOUSLY CONTEMPLATED REPLACING FURTADO, BUT IN PRESENT POLITICAL ATMOSPHERE BRAZIL UNWISE ASSUME ACCURACY ANY RUMOR UNTIL DECISION MADE.

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 1954. 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 ONE

Memorandum by RMR

(2)

732.00/6-2262

732.13

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32

INCOMING TELEGRAM *Department of State* ACTION COPY PERMANENT RECORD COPY

CONFIDENTIAL

Control: 17728
Rec'd: June 22, 1962
7:10 p.m.

RIO 3012

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RMR

FROM: Rio de Janeiro

TO: Secretary of State

NO: 3012, June 22, 6 p.m.

PRIORITY

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)

4. ULTIMA HORA insists Goulart has agreed submit Dantas name Congress and POL commentator sees advantages therefrom

(A)

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CONFIDENTIAL

-2- 3012, June 22, 6 p.m. from Rio de Janeiro

(A) Reformulation parties on ideological lines, and (B) campaign issue forthcoming elections in terms creation popular front with view fortifying "sector Congress which supports popular positions".

5. In exclusive interview given this morning O CRUZEIRO magazine to be published Monday Goulart intimates will submit Dantas name Congress although leaves various other possibilities open.

6. Recent event give some substance speculation Goulart may in fact be intending get rid Dantas and at same time create issue ("refusal Congress accept Prime Minister who can give country necessary reforms while trying maintain status quo") October election objective which elect enough sympathetic deputies get back some or all powers lost as result last August crisis.

7. This would be dangerous game several counts including likelihood polarization left and right and possibility (unlikely) Dantas might get vote confidence.

GORDON

KEA:4

CONFIDENTIAL

0041

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Action ARA

Info SS SR G SP L H CAP E AID P USIA NSC INR CIA NSA OSD ARMY NAVY AIR RMR

Control: 8328 2:05 AM, MJA

Rec'd: JUNE 23, 1962 4:05 PM

RIO

1962 JUN 23 AM 9 00

ACTION:

INFO:

RM/R FILES

EST/B - EC

6/2/62

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 TUES. 4Y. 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 MILITAR 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.

(2)

KEA

GORDON

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Rec'd: JUNE 23, 1962
4:05 PM

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FROM: RIO DE JANEIRO

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 (#) DEMAND 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.

KEA

GORDON

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INCOMING TELEGRAM *Department of State*

43-M

SECRET

Action

Control: 19294
Rec'd: June 25, 1962
7:35 p.m.

RIO 3022

ARA
Info

FROM: Rio de Janeiro

SS
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TO: Secretary of State

NO: 3022, June 25, 6 p.m.

PRIORITY

ACTION DEPARTMENT 3022, INFORMATION BRASILIA PRIORITY 54.

RMR

LIMIT DISTRIBUTION

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 depuries 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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-2- 3022, June 25, 6 p.m. from Rio de Janeiro

but is struck by fact that idea is clearly present in Goulart's mind.

Most critical short run question, which may be faced in coming three days, is general strike threat. Moreira Salles believes this is bluff, but does not wholly discount. If it materializes, he believes armed forces will react promptly and effectively. He believes designation General Machado Lopes as Acting War Minister from tomorrow on brilliant stroke by Segadas Vianna, since Machado is unequivocal anti-Communist but was defender of legality last August against Denys. Loyalty of some sargeants is in doubt, but army commanders confident this not major problem.

Moreira Salles reiterates firm conviction that Goulart neither Communist nor sympathizer, but is disturbed by his responsiveness to bad advice. Certainly Goulart record since Washington trip is extremely disappointing, both in Commission and omission. This has bearing on manner handling presidential visit, on which I am developing thoughts to be reported immediately after present crisis is resolved one way or another.

GORDON

KEA:4

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Control: 21422
Rec'd: JUNE 27, 1962 10
5:57 PM

ACTION:
INFO:
RM/R FILES

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 ENITRE CABINETS RESIGNATIONS AS ANTICIPATED RECENT EMBASSY TELEGRAMS. SUBSECRETARIES HAVE ASSUMED OFFICE. CONGRESSIONAL LEADERS EXPECT PRESIDENTIAL MESSAGE PROPOSING FONMIN 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.,,

(3)

RG 59, 1962-63, POL 23-9 BRAZ

XR POL 23-9 BRAZ

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-2- 3041, JUNE 26, 6 PM FROM RIO DE JANEIRO

ONE SIGN READS "NATIONALIST LABORERS LEND PRESTIGE TO CONGRESS." DEMOCRATIC LABOR LEADERS ALSO IN EVIDENCE E.G. ONE SIGN READS TO EFFECT SAN TIAGO DANTAS IN PREMIERSHIP WOULD BE BRIDGEHEAD FOR FIDEL CASTRO.

COMPANY PARATROOPERS FLOWN UP FROM RIO YESTERDAY, ON PRESIDENT'S ORDERS WERE RETURNED TO RIO TODAY ACCORDING TO PRESS, THEIR PRESENCE UNNEEDED (AND THE POINT OF THEIR AVAILABILITY MADE). HOW MUCH OF CALMING INFLUENCES CAN BE ATTRIBUTED DIRECTLY TO PRESIDENT WHO DOES NOT NEED VIOLENCE ACHIEVE WHAT SEEM HIS IMMEDIATE OBJECTIVES OR TO MILITARY BELIEVED VIRTUALLY UNITED AGAINST SAN TIAGO DANTAS NOT YET CLEAR BUT BOTH MAY BE WORKING TOGETHER HARMONIOUSLY THIS STAGE.

GORDON

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INCOMING TELEGRAM *Department of State*

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Control: 22400
Rec'd: JUNE 28, 1962
2:55 PM

AF
INFO:
RM/R FILES

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 3059, JUNE 28.

FOLLOWING FROM BRASILIA.

ADD FOLLOWING TO END OF EMBTEL 3053 (INADVERTENTLY OMITTED):
"AND APPARENTLY UNDER ORDERS NOT CREATE DISTURBANCE".

GORDON

MCA

732.13/6-2862

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Control: 23358

Rec'd: JUNE 29, 1962 1:36 PM

RIO 3056

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ACTION: EST/B
INFO:
RM/R FILES

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 3056, JUNE 28, 1 PM

PRIORITY

ACTION DEPARTMENT 3056; INFORMATION BRASILIA UNNUMBERED.

EMBTEL 3053.

DANTAS DEFEAT BY 174 TO 110 IN CHAMBER VOTE 4:30 THIS MORNING ENDS FIRST PHASE CABINET CHANGE CRISIS HERE. DETAILED ANALYSIS WILL COME FROM BRASILIA, WHERE OUR CLASSIFIED COMMUNICATIONS UNFORTUNATELY NOT FUNCTIONING LAST THREE DAYS.

SIZE OF VOTE, PERMITTING ABSOLUTE MAJORITY AGAINST, SHOULD HELP PRESTIGE CONGRESS, AS SHOULD THEIR DECISION PERMIT DANTAS 40 MINUTE SPEECH DESPITE HIS STATUS AS NEITHER DEPUTY NOR MINISTER. SPEECH ITSELF BASICALLY MODERATE FOCUSING ON SHORT TERM PROBLEMS AND STRUCTURAL REFORMS IN TERMS MUCH LIKE MY OWN SPEECHES. DID, HOWEVER, INCLUDE SOME DEMAGOGUERY AGAINST UNPRODUCTIVE FOREIGN INVESTMENT BECOMING "A SOURCE OF SPOLIATION AND NATIONAL IMPOVERISHMENT", A PHRASE WHICH HE KNOWS TO BE NONSENSE. ALSO ONE REFERENCE TO SOME OPPONENTS BEING IDENTIFIED WITH UNSPECIFIED FOREIGN NATIONS.

DANTAS CAMPAIGN FOR POSITION USED ALL LEGITIMATES DEVICES AND MANY ILLEGITIMATE. I DOUBT WHETHER HE COULD EVER HAVE MADE IT, BUT BELIEVE TWO TACTICAL ERRORS SEALED HIS FATE, NAMELY OVERT ASSOCIATION WITH COMMUNIST LED UNIONS GENERAL STRIKE THREATS, AND LAST FRIDAY'S OPEN EFFORT TO DISCREDIT OFFICIAL LEADERSHIP PSD AND UDN. EVEN LOWEST

/FORMS

Less 1 other name to Foreign Supplement replaces him

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NAME OF OFFICER & OFFICE SYMBOL	EST/B-RC	DATE OF ACTION	7/2/62		

0049

CONFIDENTIAL

-2- 3056, JUNE 28, 1 PM FROM RIO DE JANEIRO

FORMS OF ORGANIC LIFE'S CLASSIFICATION WELL FITTING PSD AT PRESENT TIME, WERE BOUND TO REACT DEFENSIVELY AGAINST THIS TACTIC.

FROM OUR OWN VIEWPOINT, ALTHOUGH NEXT STEP UNFORESEEABLE, I BELIEVE CONGRESSIONAL DEFEAT THIS BRILLIANT AND ENERGETIC, BUT UNCOMMONLY VAIN AND DANGEROUSLY UNPRINCIPLED CANDIDATE IS MUCH TO BE WELCOMED.

GORDON

MRJ/JT/20

CONFIDENTIAL

0050

INCOMING TELEGRAM **Department of State** ACTION COPY

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RIO

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35-H
Action

Control: 21898
Rec'd: JUNE 28, 1962
8:34 AM

ARA
Info

FROM: RIO DE JANEIRO

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TO: Secretary of State

NO: 3053, JUNE 28

PRIORITY

FOLLOWING FROM BRASILIA

CHAMBER DEPUTIES AFTER ALL NIGHT SESSION ENDING 5 A.M. THIS MORNING VOTED 174 TO 110 REJECT PRESIDENTIAL NOMINATION SANTIAGO DANTAS AS PRIME MINISTER. DESPITE EARLY QUESTIONS RAISED REGARDING HIS APPEARING ON FLOOR, DANTAS WAS GIVEN FORTY MINUTES EXPLAIN HIS PROGRAM. HIS SPEECH WAS RELATIVELY MILD RESTATEMENT PTB REFORM GOALS SUMMARIZED IN CALL FOR GOVERNMENT "AUTHORITY, PLANNING, REFORM". INFERRED HIS PROGRAM ONLY ONE WHICH COULD SAVE BRAZIL FROM DISASTROUS CONSEQUENCES PRESENT "CRISIS".

IMPORTANCE ATTACHED QUESTIONS RAISED DANTAS NOMINATION EVIDENT FROM UNEXPECTEDLY LARGE ATTENDANCE DEPUTIES DURING VOTING SESSION PERIOD. GALLERIES PACKED WITH 1200 PEOPLE JAMORITY LABOR ELEMENTS PRESUMABLY MOSTLY THOSE BROUGHT UP FROM RIO, SAO PAULO, ETC. THERE WERE FEW GALLERY OUTBURSTS (ALL PRO-DANTAS) AD LABOR GROUPS WERE UNDER EFFECTIVE DISCIPLINE.

GORDON

HLN

Transmitted by RMJR

FILED JUN 28 9 04 AM '62

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ACTION COPY

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INCOMING TELEGRAM *Department of State*

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RIO 3086

CONFIDENTIAL

43-L
Action

Control: 24289
Rec'd: June 30, 1962
5:23 p.m.

ACTION:
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FROM: Rio de Janeiro

TO: Secretary of State

NO: 3086, June 30, 4 p.m.

PRIORITY

Following from Brasilia

Chamber turndown Santiago Dantas been received with general approval except PTB and far leftist circles. No further threats from labor circles re general strike or otherwise. Dantas himself in statements to press and on television stressing as anticipated that fight has just begun and will be carried out on lines foreseen e.g. stated on television his turndown should be considered not as decision but "an option for Brazil of yesterday, antiquated and without respect for popular hopes".

President has informed Congressional and press sources that new nomination will be sent to Congress Saturday morning or afternoon (24 hours before required deadline) and Congress not expected consider nomination before Monday because large number deputies have departed for weekend.

Speculation continues feverishly on new nomination with PTB reportedly urging submission two more leftist names who would be rejected thereby leaving Senate to name new Prime Minister. By this "logic" President would be carrying political power play initiated by Dantas nomination to logical conclusion. Other more reliable reports indicate new nominee will be able, strong, etcetera. Report from source close to Kubitschek indicates non-partisan individual with outstanding qualities being named. On other hand, source in President's office told Embassy officer with assurance that Senate President Auro Moura de Andrade is President's new choice. Andrade is man of strong

(1)

E.O. 12356, Sec. 3.4 - 306.2

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NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	

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character capable parliamentarian, wealthy conservative. Was strong nationalist in his early political days when he worked with Janio Quadros with whom he eventually broke some years ago. From Goulart viewpoint has advantage being convinced presidentialist. Unproved as administrator.

GORDON

LTR/4

CONFIDENTIAL

0053

732.13/7-262

0054

INCOMING TELEGRAM — Department of State — ACTION COPY — PERMANENT RECORD COPY

42-48 Action
ARA Info
SS SR G SP CAP AID P USIA INR CIA NSA RMR

F770085-1526 — UNCLASSIFIED — CONFIDENTIAL

Control: 1891 NUMBERED
Rec'd: July 3, 1962 4:58 P.M.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 11, July 2, 5 p.m.

(SECTION ONE OF TWO) RM/R FILES

DECLASSIFICATION DATE 2/10/77
PER Reilly OFFICE ARA
FADRC FOI CASE NO. 5-C-554 Leeds

PRIORITY

FOLLOWING FROM BRASILIA

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 oral 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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NAME OF OFFICER & OFFICE SYMBOL	EST/E-RB	DATE OF ACTION	7/6/62
DIRECTIONS TO RM/R	file		

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CONFIDENTIAL

acted as if he thought eventually could win Chamber confidence, e. g. he prepared himself some time in advance with financial and other studies by leading Brazilian technicians. Not clear what tactics he himself thought he was employing, but his campaign errors for premiership clear enough:

(a) Not only did not seek work out agreements with party leaderships but attempted discredit leadership publicly by announcing was going over their heads to rank and files. Obvious results was that party leadership had to fight to finish.

(b) Dantas made effort be all things all men. His Chamber speech was largely centrist in tone as was his TV performance, both varying radically from speeches to labor groups. One leftist deputy known have complained about lack punch in Chamber speech while many labor leaders in Chamber gallery slept through part of address. Left expected him to "break China", while centrists were beyond trusting him.

(c) Other inexplicable error was consulted neither Carvalho Pinto nor Adhemar de Barros who control deputies, but instead met with Janio Quadros when in Sao Paulo and only with PSD enemy Magalhaes Pinto in Minas Gerais.

Some these errors so gross as to leave impression with some Dantas was seeking defeat. His style and methods suggested Janio Quadros, but obvious that while may have mental capacity ex-President has none his charismatic qualities nor political intuition. Nonetheless, his activities suggest attempt assume Quadros mantle.

(3) While President likely during campaign period pursue more moderate course than left wing of PTB, nonetheless his effort will concentrate on building up party electoral chances. His objectives regarding Santiago Dantas are not entirely clear. He did not work all out for Dantas approval. Some deputies believe had he extended himself could have pushed Dantas in. Others have noted that virtually none Goulart's friends outside PTB voted for Dantas. Question therefore arises whether Goulart in seeming

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strengthen

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F770005-1528

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-3- 11, July 2, 5 p.m., from Rio de Janeiro (SECTION ONE OF TWO)

strengthen his party and gain effective campaign issue did not intend from beginning clip Dantas wings, aware that his ambitions posed threat to President himself.

As for overt aspects Goulart went through motions seeking put in Prime Minister from own party purposes carry out reform program. As situation now stands appears that PTB has effectively dis-associated itself from anticipated ineffectiveness and errors next cabinet. By calling Dantas incident "normal fact of dynamics of parliamentary system" President seems have lost little , if any, prestige. Possibly by show strength and firmness (a) in insisting on his candidate, (b) holding labor leaders in check, (c) ordering return to Rio company paratroopers sent Brasilia maintain order, he gives public image being in control and may even have shored up recently crumbling image.

GORDON

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42-48 Action F770005-1529 ~~UNCLASSIFIED~~ UNCLASSIFIED

Control: 2172 NUMBERED

Rec'd: July 3, 1962 9:36 p.m.

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ARA Info

FROM: Rio de Janeiro

TO: Secretary of State

SS SR G SP CAP AID P USIA INR CIA NSA RMR

NO: 11, July 2, 5 p.m. (SECTION TWO OF TWO)

PRIORITY

FOLLOWING FROM BRASILIA

(4) Although there was no question of formal party discipline involved, party lines held firm. PSD voted 85 to 13 against Dantas while UDN voted 54 to 7 against. 74 members of PTB voted against Dantas while 56 voted for. No doubt major parties felt their positions were threatened and that PSD was convinced probably fighting for survival since its main stronghold, Minas Gerais, would have been at mercy of combination Dantas and UDN Governor Magalhaes Pinto. Strong and effective union center forces became evident during voting with no evidence desire stampede to President's candidate.

(5) 301 members of the 326 deputies in Chamber appeared for debate, an extraordinary attendance explained by interest generated Dantas debate, but principally, as confirmed privately by Chamber President by fact Congress actually feared Dantas nomination might be prelude attempt close it down or take away some its powers. Chamber's prestige gained by way it handled Dantas affair.

(6) Dantas rejection and nomination of probably acceptable nationalist-centrist as new Prime Minister is evidence democratic procedures still strong in Brazil. As in September last year Brasilia again proved its value as a capital in which Congress can debate free from pressures from street mobs, army tanks, et cetera, which have characterized Rio de Janeiro in past and thus diminishing potentially dangerous effects recent crisis.

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F770005-1530

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-2- 11, July 2, 5 p.m. (SECTION TWO OF TWO) from Rio de Janeiro

(7) Unanswered question is how effective will be new PTB-manufactured issue which will depend on new cabinet and future development.

GORDON

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F770005-1531

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NUMBER: CORRECTION ISSUED: July 5, 5 PM: LTR
Control: 2172
Rec'd: July 3, 1982 9:36 p.m.

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FROM: Rio de Janeiro - CORRECTED, PAGE 1

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TO: Secretary of State

NO: 11, July 2, 5 p.m. (SECTION TWO OF TWO)

PRIORITY

FOLLOWING FROM BRASILIA

(4) Although there was no question of formal party discipline involved, party lines held firm. PSD voted 85 to 13 against Dantas while UDN voted 54 to 7 against. Even 4 members of PTB voted against Dantas while 56 voted for. No doubt major parties felt their positions were threatened and that PSD was convinced probably fighting for survival since its main stronghold, Minas Gerais, would have been at mercy of combination Dantas and UDN Governor Magalhaes Pinto. Strong and effective union center forces became evident during voting with no evidence desire stampede to President's candidate.

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FOIA 82-131/1, 2, 3

0060

F770005-1532

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-2- 11, July 2, 5 p.m. (SECTION TWO OF TWO) from Rio de Janeiro

(7) Unanswered question is how effective will be new PTB-manufactured issue which will depend on new cabinet and future development.

GORDON

SMD:HC

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6:26 PM

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FROM: RIO DE JANEIRO

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TO: Secretary of State

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NO: 3090, JULY 2

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 (JOAO) CALMON RESPECTED BAHIAN BANKER NEW FINANCE MINISTER.

GORDON

CC

Miguel Calmon, PSD ted Rep/Bahia
Nothing on him from D.C.

Feb. 13, 1962

732.00

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(2)

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NAME OF OFFICER • OFFICE SYMBOL: J.W. Wilson	DATE OF ACTION: 7/13/62
	DIRECTIONS TO RM/R: file

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Control: 1959
Rec'd: July 3, 1962 0[illegible]
6:01 p.m.

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FROM: Rio-de-Janeiro

TO: Secretary of State

NO: 12, July 3, 11 a.m.

PRIORITY

Following from Brasilia.

Chamber of Deputies last night accepted Senator Auro de Malta Andrade as Prime Minister by 222-51 vote. PSD and UDN supported while hard core PTB opposed. In speech prior to vote Andrade said intended be Chief of Government in fact as well as name. Said present foreign policy would be maintained and that necessary domestic records would be accomplished. Claimed has not committed himself on any Cabinet posts but would begin consultations with parties immediately if confirmed by Chamber. Summary speech to follow in separate communication. PTB bloc shouted approval at frequent intervals Andrade speech but after hurried caucus PTB leader Almino Aforso took floor attacked speech as superficial unconvincing and announced his party would vote against Andrade. Six hour night session which ended 4 A.M. acrimonious but generally orderly except for one fist fight on floor. Gallery was full but no organized student labor groups present.

As foreshadowed EMBTEL 11 labor and socialist party speeches and votes indicate PTB still intends disassociate itself from new Cabinet though one or two PTB members will doubtless accept Cabinet posts.

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F770005-1534 ~~UNCLASSIFIED~~ CONFIDENTIAL

Control: 2511
Rec'd: July 4, 1962
9:23 p.m.

FROM: Rio-de-Janeiro

TO: Secretary of State

NO: 30, July 4, 8 p.m.

PRIORITY

DECLASSIFICATION DATE 2-10-77
PER R Clay OFFICE ARA
FADRC FOI CASE NO. 5-C-554 Leads

Following from Brasilia

Early this afternoon following meeting between Goulart and Prime Minister Moura Andrade, President's press office issued statement that Prime Minister had submitted his resignation "pointing out that action taken because had not found receptivity for formation new Cabinet". Statement concludes President will proceed accordance Constitutional provisions make new nomination.

Despite carefully worded statement in effect disclaiming presidential responsibility, source President's office informs Embassy Officer resignation resulted refusal President transmit Cabinet selected by Prime Minister. Source added since military supported President Prime Minister Andrade had no other recourse than resign.

Reports from Rio indicate general strike called but presumed will be called off view Andrade resignation.

GORDON

DMJ/4

RIO 30

732.13/7-462

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RIO

Action

Control: 2487

Rec'd: July 4, 1962 5:00 PM

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FROM: Rio de Janeiro

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TO: Secretary of State

NO: 24, July 4, 10 AM

PRIORITY

Embassy telegram 3

Following from Brasilia

RMR

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 it 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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-2-24, July 4, 10 AM, from Rio de Janeiro

Brazil will honor international commitments and maintain position "in favor of hemisphere and the preservation of the democracies" in the OAS.

Embassy believes Andrade presentation to be extremely moderate in tone and generally hopeful as indicator possibility forceful attack on principal problems inflation, flagrant government payroll padding and food shortages. Though may sound unfortunate terms Alliance Progress goals, Andrade's implied intention postpone action on "basic reforms" until after October elections appears reflect realistic appraisal politically possible. May be presumed, however, intends fulfill PSD announced intention push for tax and other changes serving Alliance objectives. As for Andrade's implied declaration independence from President Goulart (contained claim he will enjoy free hand in forming Cabinet) it difficult to evaluate until Council itself named.

GORDON

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FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 26, JULY 4

PRIORITY

FOLLOWING FROM BRASILIA

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.

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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NARA, Date 12-11-13

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Control: 2498
Rec'd: July 4, 1962
6:41 p.m.

RIO 28

FROM: Rio-de-Janeiro

TO: Secretary of State

NO: 28, July 4, 2 p.m.

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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INCOMING TELEGRAM *Department of State*

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Rec'd: July 7, 1962 10 39 AM

5:32 p.m.

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July 7/1962

FROM: Rio de Janeiro

TO: Secretary of State

NO: 44, July 5, 5 p.m.

PRIORITY

Following from Brasilia

(1) Attorney General today sent request Supreme Court for ruling constitutionality Ato Adicional (amendment establishing parliamentary system). Could also request stay requirement that President nominate Prime Minister three days after resignation outgoing Prime Minister. If President not make such request or if request not granted, nomination will have to be made by early afternoon Saturday.

(2) Presidential and PTB mouthpiece ULTIMA HORA has begun all-out campaign against parliamentary system calling for return full powers to President. Similar line being followed by other Presidential supporters. Campaign directed by President's press secretary source ULTIMA HORA says. Number large unions have declared 24 hour strike (called before resignation Moura Andrade) and transportation services reportedly paralyzed Rio and Santos. Partially effective strikes other industries and other places. Strikes proceeding despite call from President to desist though we do not know how serious desist order was meant be taken.

(3) Brasilia continues calm although all commercial flights in and out of capital stopped by strike. However, deputies and senators are returning Brasilia on air force planes.

(4) Before request for ruling was transmitted Supreme Court commanders first four armies reportedly had pledged support to legality and

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ENTRY: CDF60-63

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Document Date: 07/07/62

Document Ser.#:

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Control: 5152
Rec'd: JULY 9, 1962
12:21 AM

INFO:
RM/R FILES

RIO 81

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 81, JULY 8

PRIORITY

FOLLOWING FROM BRASILIA:

PRESIDENT THIS EVENING NOMINATED AS PM FRANCISCO DIOGO BROCHADO DA ROCHA NOW SECRETARY INTERIOR AND JUSTICE RIO GRAND DO SUL MEMBER PSD BUT LINKS PTB.

BROCHADO DA ROCHA VIEWED POLITICAL CIRCLES HERE AS MODEST ABLE JURIST, MODERATE, ALTHOUGH NOT NATIONALLY KNOWN.

CONGRESSIONAL CONSIDERATION TO BEGIN MONDAY AFTERNOON.

GORDON

SJR

732.13/7-862

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RIO

91

CONFIDENTIAL

43-48 Action F770005-1553

Control: 5923
Rec'd: July 9, 1962
10 p.m.

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RMR

FROM: Rio de Janeiro

TO: Secretary of State

NO: 91, July 9, 9 p.m.

PRIORITY

FOLLOWING FROM BRASILIA

Embassy telegram 82

Brochado da Rocha gave speech Chamber session this afternoon which will be followed by discussion and voting in night session expected last until early morning hours. Speech will be reported more detail later message but general tone conciliatory though said would request special powers and mentioned need for but did not emphasize early plebescite. Only genuine applause came after statement would never seek other than legal solutions. Said would be intransigent in pushing profits remittance regulation legislation; however, acknowledged work done by mixed commission deputies and senators which recently reached agreement on compromise bill.

Opposition to Rocha may be stronger than Goulart anticipates. While most observers continue acknowledge his centrist-liberal and moderate characteristics, opposition concentrating on fact that will undoubtedly be Goulart puppet and cannot, therefore, be trusted. Mayor of Brasilia Sette Camara, who deeply distrusts Goulart, in private conversation today reflected above thoughts and also mentioned fear possible damage US-Brazil cooperation (read US aid), because Rocha identified in US with IT and T expropriation. He is first important official here bring this up on own initiative. Said Rocha's cabinet would include Santiago Dantas as Finance Minister

732.13/7-962

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ACTION ASSIGNED TO	ACTION TAKEN	
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

0072

F770085-1555

62 Rio de J. 91

THIS DOCUMENT DENIED IN FULL

PER R Eltz

OFFICE ARA

CASE NUMBER 5-C-554 Leeds

DATE 2-10-77

0073

W I T H D R A W A L N O T I C E

RG: 059 TAB #: 2

ENTRY: CDF60-63 1 / 1 / C /
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The item identified below has been withdrawn from this file:

Folder Title: 732.13/7-962

Document Date: 09/07/62

Document Ser.#:

TEL 82 FR RIO DE JANEIRO TO SEC 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:

X Security-Classified Information

NND: 949515 WITHDRAWN: 02/24/95 by: JAS

FOIA RETRIEVAL #: 949515 01584 00002

0074

46.

INCOMING TELEGRAM **Department of State**

ACTION COPY

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SECRET

L
Action
SS

Control: 5837
Rec'd: JULY 9, 1962
8:00 PM

Info

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 88, JULY 9, 5 PM

EYES ONLY

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APRIL 1964

Rio de Janeiro 88
7-9-62

NIACT

ACTION DEPARTMENT 88, INFORMATION BRASILIA NIACT 5

DEPARTMENT EYES ONLY FOR SECRETARY AND MARTIN PASS PRESIDENT.

BRASILIA EYES ONLY FOR RAINE.

PRESIDENTIAL VISIT

DEPTEL 77; EMBTEL 83.

711.11-KE/7-962

711.11-KE/7-962

711.11-KE/7-962
XR. 732.13

ON RETURNING FROM ITAMARATY WHERE I DELIVERED COPY PRESIDENT'S LETTER TO VALLE, FOUND THAT GOULART HAD BEEN TRYING TO TELEPHONE ME. SOON THEREAFTER ARCHER ASKED THAT I RETURN AT ONCE TO ITAMARATY, SINCE GOULART HAD CALLED HIM. GOULART'S REACTION WAS THAT HE APPRECIATED CONSIDERATIONS IN PRESIDENT KENNEDY'S MIND BUT WAS VERY FEARFUL MISUNDERSTANDING ANY IMMEDIATE ANNOUNCEMENT AS BEING RESULT BROCHADO NOMINATION EVEN THOUGH HE REALIZED LETTER SENT PRIOR TO NOMINATION. EXPRESSED CONCERN DANGERS REDUCING POPULARITY PRESIDENT KENNEDY AMONG POPULAR MASSES HERE WHO HOLD HIM IN DEEP ESTEEM AND WERE WATCHING WITH ADMIRATION HIS OWN STRUGGLES FOR SOCIAL WELFARE AND FOR MAINTAINING FOREIGN AID. HE FELT CONFIDENT THAT ACUTE CRISIS NOW PAST, BROCHADO AND CABINET WILL BE INSTALLED PROMPTLY, AND ALL WILL BE TRANQUIL, WITH NO DANGER TO CONSTITUTIONAL INSTITUTIONS.

(2) **EYES ONLY**

GOULART WANTS TO DISCUSS WITH ME IN PERSON, BUT BELIEVES

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0075

32

INCOMING TELEGRAM *Department of State* ACTION COPY PERMANENT RECORD COPY

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CONFIDENTIAL

Control: 5698
Rec'd: JULY 9, 1968
3:54 PM

ACTION:
INFO:
RM/R FILES

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 86, JULY 9, 4 PM

NIACT

EMBTEL 81.

ALTHOUGH INFORMATION AVAILABLE RIO INDICATES BROCHADO DA ROCHA IS INTELLIGENT CULTURED AND ABLE LAWYER, EMBASSY RIO CANNOT SUBSCRIBE TO FAVORABLE JUDGMENT ATTRIBUTED IN REFTEL TO "POLITICAL CIRCLES" BRASILIA. IMPORTANT ADVERSE FACT IS HIS CLOSE ASSOCIATION BRIZZOLA FOR NUMBER YEARS BEGINNING WHEN BRIZZOLA MAYOR PORTO ALEGRE. ALSO BROCHADO DA ROCHA HAD IMPORTANT ROLE IN PREPARING BRIEF FOR EXPROPRIATION BOND AND SHARE SUBSIDIARY IN RIO GRANDE 1959 AND PRESUMABLY IN ITT EXPROPRIATION THIS YEAR.

VARIOUS SOURCES HERE VIEW BROCHADO DA ROCHA AS POLITICAL ARM OF BRIZZOLA (HE REPRESENTED BRIZZOLA AT RECENT GOVERNOR'S CONFERENCE AT ARAXA) AND HIS DESIGNATION AS FURTHER GOULART PROVOCATION.

EMBASSY HAS REQUESTED PORTO ALEGRE'S FULL APPRAISAL.

GORDON

MRJ

NOTE: Advance copy Mr. Wilson (EST) 650 PM 7/9/CWO-L

2

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0076

132

INCOMING TELEGRAM *Department of State* ACTION COPY

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CORRECTION ISSUED 7/12/62 7 AM WGMA NUMBERED

38
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Control: 5892
Rec'd: July 9, 1962
8:54 PM PM 2 17

RIO 90

ACTION S/S 7/6
INFO:
RM/R FILES

FROM: Rio de Janeiro - CORRECTED COPY

TO: Secretary of State

NO: 90, July 9, 8 PM

PRIORITY

FOLLOWING TELEGRAM FROM PORTO ALEGRE REPEATED YOU:

QUOTE

ACTION RIO DE JANEIRO NIACT 11, INFORMATION BRASILIA 5, DEPARTMENT 90 JULY 9, 4 PM SIGNED SHARP.

Embassy Telegram 6

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-PSD, but now strongly tied PTB, one of Brizola's 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.

UNQUOTE

GORDON

WGM

732.13/7-962

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ACTION ASSIGNED TO: ARA/EST/B	ACTION TAKEN: none	DIRECTIONS TO RM/R: file
NAME OF OFFICER & OFFICE SYMBOL: J.W. Walsh	DATE OF ACTION: 7/13/62	

0077

(6)

OUTGOING TELEGRAM Department of State

04389

INDICATE: ☐ COLLECT
☐ CHANGE TO

SECRET
Classification

100 [illegible] 10 5 03 PM '62

Origin
Info

ACTION: Amembassy RIO DE JANEIRO [illegible] IMMEDIATE

EYES ONLY FOR AMBASSADOR

Repeat INFO: Brasilia 3 Office EYES ONLY FOR RAINE

Proceed as outlined re trip postponement. Stress to Goulart the physical difficulties of going ahead at this time which you have outlined in Embtel 88. We would be delighted say that trip being postponed by joint agreement reached as result of Brazilian initiative and are amenable to re-draft along these lines. It would be extremely useful if you could let ARA know at least one hour prior to telephone call so that departmental officer could be on hand to brief President. Assume you will provide interpreting service. If not, we must know immediately.

On unrelated matter, following is text of letter on expropriation matter:

Dear Mr. President:

You will recall that during our recent conversations we discussed the problems arising from the expropriation of the properties of the Companhia Telefonica Nacional, a subsidiary of the International Telephone and Telegraph Company. I realize that urgent internal problems have delayed implementation of a solution to this problem along the lines we discussed. However, this

711.11-1462/7-1062
732.13

Drafted by: RNGoodwin:jk 7/10/62
Telegraphic transmission and classification approved by: ARA - Richard N. Goodwin

Clearances: White House -Mr. Bundy
ARA - Mr. [illegible]
EST - Mr. Wellman
Mr. Dungan
S/S - Mr. Little

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SECRET
Classification

FORM DS-322

0078

46.

INCOMING TELEGRAM *Department of State* ACTION COPY

PERMANENT RECO

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Action
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Info

SECRET

Control: 6627
Rec'd: July 10, 1962
2:48 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 94, July 10, 2 p.m.

EYES ONLY

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APRIL 1964

Rio 94
7-10-62

732.13/7-1062

NIACT

ACTION DEPARTMENT 94; INFORMATION BRASILIA PRIORITY 7.

EYES ONLY FOR SECRETARY AND MARTIN PASS PRESIDENT.

BRASILIA EYES ONLY RAINE.

Apparently conflicting appraisals Brochado reported last two days from Brasilia, Porto Alegre, and here, result from fact he relatively little known national level, and gives personal impression mild mannered, intelligent, cultivated law professor without demagogic tendencies. My present appraisal, however, based on three long meetings discussion ITT and T case and various talks yesterday, and confirmed by certain passages his speech, is that this is protective discoloration on a dangerous man whose appointment is most unfortunate from our viewpoint and who will have to be treated with great reserve. I hope to be proved wrong but present outlook not good.

Brochado is past master at using legal forms for illegal purposes, especially in expropriation foreign companies. His use PSD label while working with extreme Brizzola wing PTB is characteristic. I would expect him use new position to manipulate for largest possible PTB electoral victory, with just enough coloration legality at all points to avoid military rebellion. He will doubtless try to continue attacks on American invest

EYES ONLY

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NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

0079

SECRET

-2- 94, July 10, 2 p.m., from: Rio de Janeiro

while seeking secure continued public aid from US under pressure exhaustion dollar reserves. Will make great noises on basic reforms, but I suspect more for electoral than genuinely reformist purposes.

Speech summary coming from Brasilia. Note, however, in addition to total absence mention AFP, references to Brazilian masses being domestic victims of unproductive "Latifundios," and "externally, victims of an international capitalism associated with retrograde national economic forces, who are not satisfied to produce and profit, but prosper at the cost of the impoverishment and spoliation of the country." Foreign policy straight from Dantas. Call for vote for illiterates a new element, with PTB interests obviously in view.

Endorsement by 215 to 58 must be attributed more to Goulart's successful psychological warfare campaign against congress which tired, frightened by prospect continued crisis and unwilling be responsible further continuance, and anxious to get out campaigning, rather than by real confidence in nominee.

In these circumstances, decision postponement Presidential visit should certainly remain firm.

GORDON

MRJ/4

Note: Relayed W.H. 7/10/ CWO JRL.

NOTE: Advance copies SS 7/10/CWO-L

SECRET

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Adv #1, 2
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S adv #1 ✓ X
U ✓ X
M ✓ X
SR ✓ XX
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ARA adv #2 X+4 ✓✓ (Action)
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POST Rio de Janeiro
INCOMING X
OUTGOING
NUMBER 94
DATE July 10, 1962
CONTROL 6627
SUBJECT

WHITE HOUSE ✓✓ 2+3
CIA ✓ +2
SECY DEFENSE
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AID
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adv #1, 12, 10 adv. 2, 21

EYES ONLY

Remove from EO category

0081

46

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT

EYES ONLY

July 18, 1962

S/S - Mr. Little

Distribution of Rio de Janeiro's 94

In addition to the distribution already given this message (S,U,M,G,SR, INR, ARA, White House, CIA), Mr. Wellman of EST suggests we add E, L, Treasury, Defense, and Commerce.

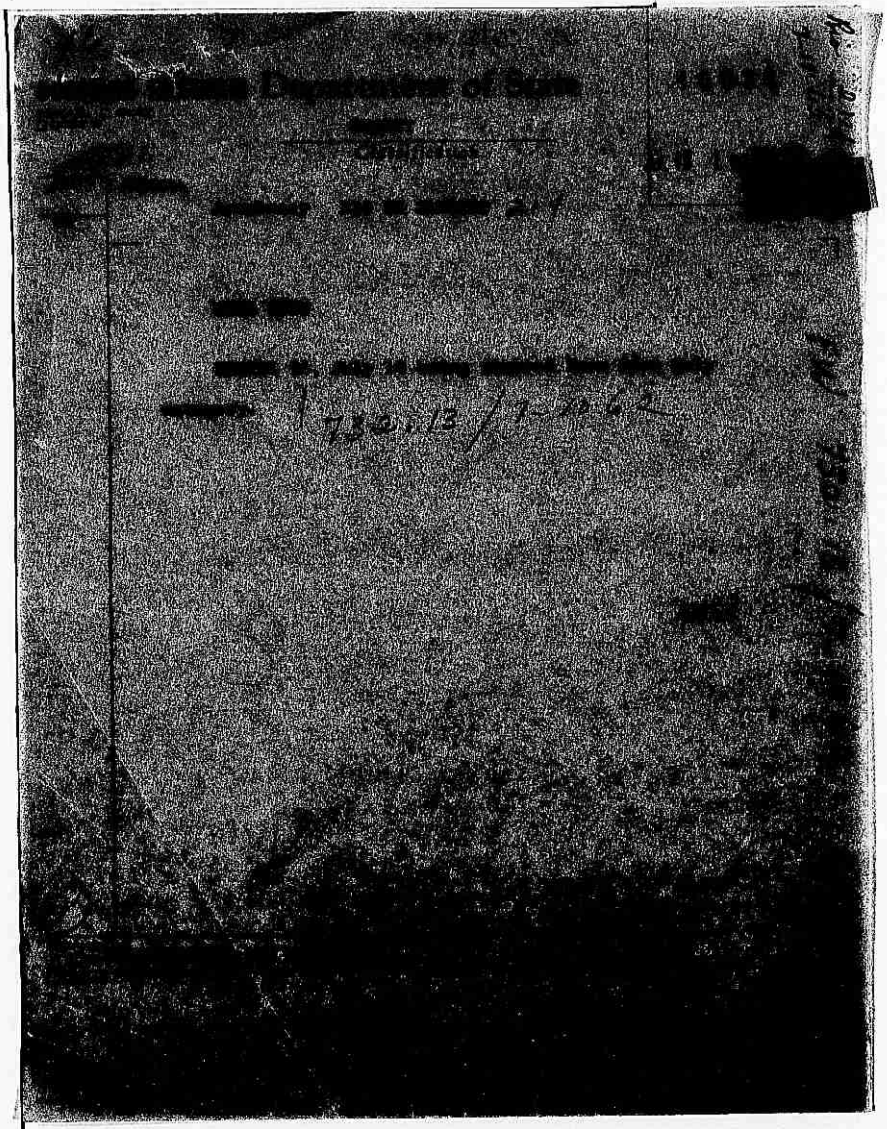
In Brazilia's #1 of July 12, Ambassador Gordon agreed to wider distribution. Apparently the only reason that this cable was sent in the EO channel is the information given in the last sentence, which is no longer EO. I recommend that the cable be downgraded and the wider distribution given.

FW 732.13/7-1062

A. E. Breisky
S/S-S
Ext.4154

EYES ONLY

0082



0083

EYES ONLY

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Classification

POST Rio de Janeiro

INCOMING

OUTGOING X

NUMBER 214

DATE 7/1962

CONTROL 10038

SUBJECT Removing EMBTEL 94 from EU

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32

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Control: 6667

Rec'd: JULY 10, 1962 3:18 PM

RIO 93

57-52
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AIR
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FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 93, JULY 10, 11 AM

PRIORITY

FOLLOWING FROM BRASILIA

AT 0315 THIS MORNING CHAMBER DEPUTIES APPROVED BROCHADO DA ROCHA AS PRIME MINISTER BY 215 TO 58. VOTE FOLLOWED SIX HOUR LACKLUSTER DEBATE MAKING CLEAR CHAMBER'S LACK ENTHUSIASM FOR ROCHA PLUS EQUALLY OBVIOUS DECISION ATTEMPT SETTLE PRESENT CRISIS BY APPROVING HIM, AS FORESHADOWED EMBTEL 82. CONTRARY VOTES CAST BY ULTRA-CONSERVATIVE MEMBERS PARLIAMENTARY DEMOCRATIC ACTION GROUP PLUS SIZABLE FRACTION UDN (THOUGH LATTER MADE CLEAR IN DEBATE IT NOT VOTING EN BLOC AGAINST DA ROCHA).

ALTHOUGH ONE OR TWO SPEAKERS ATTACKED DA ROCHA'S ASSOCIATION WITH BRIZZOLA, NO CRITICAL MENTION MADE IGT EXPROPRIATION. PREDICTABLY PTB LEADER ALMINO AFONSO HOWEVER, LAUDED DA ROCHA'S ROLE THEREIN.

GORDON

DMJ/GDW

7/32.13/3.1062

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(1)

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0085

32

INCOMING TELEGRAM *Department of State*

ACTION COPY

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37

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RIO 102

Action
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Control: 7341
Rec'd: JULY 11, 1962
10:30 AM

INFO:
RM/R FILES file

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 102, JULY 10

FOLLOWING FROM BRASILIA

PRINCIPAL POINTS BROCHADO DA ROCHA ADDRESS TO CHAMBER AFTERNOON JULY 5 PRIOR NIGHT VOTE FOLLOW. ADDRESS IS CONSIDERED BE PREVIEW OF DETAILED "PLAN OF GOVERNMENT" WHICH WILL BE FORTHCOMING WITH CABINET NOMINATIONS.

SAID HIS PROGRAM TWO-PRONGED (1) EMERGENCY PLAN TO COMBAT HIGH LIVING COSTS, FOOD SHORTAGES; (2) STRUCTURAL REFORM PLAN.

A. AGRARIAN "BASED ON ACCESS TO THE LAND, CREDIT AND TECHNICAL ASSISTANCE MUST CONSTITUTE AN EFFECTIVE PROCESS OF VALORIZATION AND LIBERATION OF THE PEASANT POPULATION WHO IN GENERAL, HAVE BEEN LIVING AND PRODUCING IN ANTI-ECONOMIC CONDITIONS."

B. URBAN - AIMED AT "LATIFUNDARIOS" OF THE CITY WHO KEEP GREAT GROUPS OF PEOPLE LIVING IN INHUMAN CONDITIONS GREAT DISTANCES FROM THEIR JOBS.

C. ELECTORAL - ELIMINATION OF "ECONOMIC POWER" FROM THE MECHANICS OF VOTING; EXTENSION OF VOTE TO ILLITERATES BRING TO FRUITION IDEAL OF REPRESENTATION AND JUSTICE.

abbreviations by RM/R

D. TAX AND CREDIT - PUTTING AT SERVICE OF SOCIETY "NEW INSTRUMENTS OF PROGRESS AND PRODUCTION".

E. FOREIGN CAPITAL - TO BRING ABOUT AN ADEQUATE DISCIPLINE OF FOREIGN CAPITAL AND PROFIT REMITTANCES ABROAD, THROUGH THE PRINCIPLES EMBODIED IN THE CHAMBER BILL AND THE "VALUABLE

732.13/7-1062

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0086

AMENDMENTS" OF THE JOINT COMMITTEE, "BRINGING TO A HALT THE SACRIFICE OF THE MOST LEGITIMATE INTERESTS OF THE NATIONAL ECONOMY, WHICH WE WILL DEFEND INTRANSIGENTLY AGAINST THE PROCESS OF EXPLOITATION TO WHICH IT IS BEING SUBJECTED".

F. EDUCATION - TO CREATE PUBLIC AND VOCATIONAL SCHOOLS, THE LATTER TO EQUIP POOR YOUTHS TO CLIMB TO THE MIDDLE CLASS.

SAID HE UNABLE TO CARRY OUT PROGRAM WITHOUT "DELEGATION (TO HIMSELF) OF LEGISLATIVE POWERS FOR THE SPECIFIC PURPOSES WHICH I WILL INDICATE IN MY PROGRAM OF GOVERNMENT." SAID POPULAR WISHES FOR STRUCTURAL REFORM" WOULD BE "FRUSTRATED" IF CONGRESS DID NOT ADOPT SO-CALLED BRITO AMENDMENT, WHICH WOULD ACCORD NEXT CONGRESS POWER INTER ALIA, AMEND CONSTITUTION BY ABSOLUTE MAJORITY. "WITHOUT CONSTITUTIONAL AMENDMENT AND DELEGATION LEGISLATIVE POWER, I DO NOT BELIEVE I CAN BE SUCCESSFUL IN MY TASK..."

ON FOREIGN POLICY "... WE WILL MAINTAIN A POLICY OF RELATIONS WITH, AND EXPAND MARKETS IN, ALL COUNTRIES, WHATEVER MAY BE THEIR SOCIAL STRUCTURE, AND OF INCREASED TRADE AND INTEGRATION WITH NATIONS COMMITTED TO THE SAME STRUGGLE FOR ECONOMIC EXPANSION, ESPECIALLY IN LATIN AMERICA. WE WILL GIVE ALL OUR SUPPORT TO THE STRENGTHENING OF DEMOCRACY AMONG THE PEOPLES OF THIS HEMISPHERE, WITHOUT BREAKING OUR RESPECT FOR THE PRINCIPLE OF NON-INTERVENTION AND THE SELF-DETERMINATION OF PEOPLES".

ON PLEBISCITE HE URGED CHAMBER TO "DETERMINE THE DATE MOST CONVENIENT FOR THE PEOPLE TO PRONOUNCE THEIR INALIENABLE SOVEREIGNITY".

ONLY SUBSTANTIAL APPLAUSE CAME FROM FOLLOWING SENTENCE "IF I ASSUME THE POST OF PRIME MINISTER, I WILL MAINTAIN MYSELF WITHIN THE STRICT LIMITS OF THE LAW AND THE CONSTITUTION".

SAID BRAZILIAN MASSES CONCEIVE OF COUNTRY AS UNDER-DEVELOPED WITH

0087

UNCLASSIFIED

-3-1Ø2, JULY 1Ø FROM RIO DE JANEIRO

WITH THEMSELVES AS SLAVES TO OUTMODED UNPRODUCTIVE LAND TENURE SYSTEM INTERNALLY AND, IN EXTERNAL SECTOR, VICTIMS OF INTERNATIONAL CAPITALISM ASSOCIATED WITH RETROGRADE NATIONAL ECONOMIC FORCES, NOT CONTENT TO PRODUCE AND PROFIT BUT PROSPERING AT THE EXPENSE OF THE IMPOVERISHMENT AND EXPLOITATION OF THE COUNTRY".

TO COUNTER THIS, "WILL BE NECESSARY TO MOBILIZE THE GREATEST POSSIBLE AMOUNT OF FINANCIAL AND HUMAN RESOURCES, WITH ADEQUATE PLANNING IN EACH SECTOR OF ADMINISTRATION, TO ENABLE THE PUBLIC POWER TO EFFECTIVELY BRING CONSUMPTION TO EVERYONE, INCLUDING THE MASSES, AT PRICES WITHIN THEIR REDUCED BUYING POWER, ELIMINATING UNNECESSARY INTERMEDIARIES THAT SACRIFICE THE CONSUMER WITHOUT INCREASING SOCIAL PRODUCTION".

ON EXPROPRIATION HE DEFENDED HIS ROLE IN RIO GRANDE DO SUL "ALL QUESTIONS RELATED TO EXPROPRIATION OF LAND AND OTHER PROPERTY WERE ALWAYS SUBMITTED FOR THE EXAMINATION AND DECISION OF THE JUDICIAL POWER, IN THE PRECISE TERMS OF THE STATE AND FEDERAL CONSTITUTIONS".

COMPLETE TEXT BY POUCH.

GORDON

WGM

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0088

OUTGOING TELEGRAM Department of State

04955

INDICATE CHANGES TO

SECRET
Classification

Origin

Info

ACTION: Amembassy, RIO DE JANEIRO 112

EYES ONLY FOR AMBASSADOR.

EYES ONLY

1. Re DEPTEL 100, when letter on ITT expropriation sent to Goulart, report giving text in cable without Eyes Only caption.

732.13/7-1062

2. Re EMBTEL 94 request your advice whether comments on Brochado (entire telegram excepting last sentence) may be given usual distribution of secret intelligence report.

3. No REPEAT no reference should be made to Eyes Only Messages in those designed for general distribution.

End.

RUSK

732.13/7-1162

Drafted by: ARA:RST:RWellman:ed 7/11/62

Telegraphic transmission and classification approved by: ARA - Mr. Gordon

Clearances: S/S - Mr. Little

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FORM DS-322

0089

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RL
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secret
Classification

POST RIO

INCOMING

OUTGOING XXXX

NUMBER 112

DATE July 11, 1962

CONTROL 4955

SUBJECT Deptel 100

WHITE HOUSE ✓✓ *** 1 4 2

CIA ✓ 5

SECY DEFENSE

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INCOMING TELEGRAM *Department of State*

ACTION COPY

43-41 32

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Control: 7886 — COPIES REC'D AS NUMBERED:

Rec'd: July 11, 1962 7/15/62 10:05 am DT

8:31 p.m.

1962 JUL 15 AM 6 05

Action ARA

Info SS SR G SP L H CAP SSC P USIA NSC INR CIA NSA OSD ARMY NAVY AIR RMR

FROM: Rio de Janeiro - CORRECTED PAGE 1

TO: Secretary of State

NO: 111, July 11, 11 a.m.

ACTION: EST B

INFO:

RM/R FILES

PRIORITY

Following from Brasilia

Chief Protocol Presidential Palace says new Cabinet will probably be submitted to Congress today and voted on tomorrow. Probable composition follows:

Justice: Alfredo Nasser; Foreign Affairs: Afonso Arinos; Finance: Oliveira Brito or Rumulo Almeida; Viacao: Tavora (if UDN participates in government) or Rubows Berta, President Varig Airlines; Labor: Senators Barros Carvalho (PTB-Pernambuco) or Nelson Maculan (PTB-Parana); Agriculture: ex-PSD Senator Apolonio Salles (Pernambuco) or Renato Costa Lima, ex-President Brazilian Coffee Institute presently PTB candidate Sao Paulo Governor; Education: Minas Gerais Deputy Pinheiro Chagas, ex-PSD leader; Health: Doctor Candeu now President WHO; Industry: Fernando Gasparian from Sao Paulo recently Acting President National Confederation Industries said to be Matarazzo man; he states Mines and Energy still undecided; Military Ministers: same as Goulart has been seeking from beginning; i.e., War - Nelson de Mello; Navy - Admiral Suzano; Air - Brig. Reynaldo De Carvalho.

Best information is that final Cabinet formation dependent only on decision UDN whether or not take part in government. Party reportedly still divided down middle although President Herbert Levy said to favor participation for electoral returns. Party directorate meeting this morning to make decision. Other sticking point may

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DIRECTIONS TO RM/R	file		

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point may be Brochado da Rochas' demand for limited special powers for new Cabinet refusal by Congress grant such powers could re-precipitate crisis. PSD probably willing grant powers; UDN still undecided. At least half UDN would be required for agreement grant powers. Although only simple majority needed for Cabinet approval absolute majority required for special powers.

GORDON

LM:HC

(#) Omission. Correction to follow.

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Control: 8892
Rec'd: July 12, 1962
8:51 p.m.

RIO 118

FROM: Rio-de-Janeiro

TO: Secretary of State

NO: 118, July 12

PRIORITY

Following from Brasilia

Following rash of rumors his resignation imminent, Prime Minister Brochado da Rocha informed Chamber of Deputies 10:30 A.M. he presently unable obtain party support his program. Said he would inform Chamber "as soon as possible" of further developments. Source close to President told me at President's lunch today for Salinger that all efforts to form political cabinet have ceased and that "technical cabinet will be presented Chamber tonight. Moreira Salles is listed as Finance Minister.

GORDON

DMJ/6

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RIO 136

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Rec'd: JULY 13, 1962
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FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 136, JULY 13

FOLLOWING FROM BRASILIA

APPEARING BEFORE CHAMBER LAST NIGHT TO PRESENT NEW COUNCIL MINISTERS FOR CONGRESSIONAL CONSIDERATION (NAMES REPORTED SEPARATELY) PRIME MINISTER BROCHADO DA ROCHA GAVE OUTLINE PROGRAM GOVERNMENT CONTAINING FOLLOWING POINTS:

(1) EMERGENCY PLAN TO END FOOD SHORTAGE, CURB INFLATION (VIA RECHANNELING PUBLIC INVESTMENT AND CURBS ON PUBLIC SPENDING) AND A START ON AGRICULTURAL REFORM (EMPHASIZING RE-SETTLEMENT ON GOVERNMENT-OWNED LANDS AND LIMITED EXPROPRIATIONS).

(2) LONG RANGE PROGRAMS IN FIELD (A) FOOD SUPPLY (INCLUDING FINANCIAL AND TECHNICAL ASSISTANCE TO AGRICULTURE AND RE-ORGANIZATION OF FEDERAL SUPPLY ORGANIZATIONS), (B) MEDICAL CARE (SPECIFICALLY CITING NEED LIMITED INTERVENTION PHARMACEUTICAL INDUSTRY ORDER LOWER PRICES) AND (C) EDUCATION (NATION-WIDE PROGRAM TO ERADICATE ILLITERACY).

(3) PROMISE TO "DISCIPLINE" THE EXCHANGE MARKET AND TO CONTINUE BRAZIL'S INDEPENDENT FOREIGN POLICY. ROCHA ALSO EMPHASIZED BOTH NEED FOR MANY BASIC REFORMS (SPECIFICALLY CITED: AGRARIAN, TAX, BANKING, ADMINISTRATIVE, ELECTORAL) AND AGAIN ASSERTED ABSOLUTE NECESSITY CONGRESSIONAL GRANT SPECIAL POWERS IF CABINET TO ACCOMPLISH TASKS SET IN PROGRAM (PROMISING THIS REGARD PRESENT DETAILED REQUEST FOR THESE POWERS, AS REQUIRED BY RECENT LEGISLATION, WITHIN FIVE DAYS OF CHAMBER APPROVAL OF CABINET).

GORDON

732.13/7-1362 AP 8:32.03
8:32.131 MA 8:32.03

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Control: 9880
Rec'd: July 13, 1962
7:56 p.m.

RIO 1/26

INFO:
RM/R FILES

FROM: Rio de Janeiro

TO: Secretary of State

NO: 126, July 13, 6 p.m.

EMBTELS 111 and 118.

Prime Minister presented night July 12 names for Cabinet differing as follows from those reported EMBTEL 111: Finance: Walter Moreira Salles; Labor: Hermes Lima, head President's civil household; Mines and Energy: Joao Mangabeira, head Socialist Party (PSB) and Father Petrobras President Francisco Mangabeira (he reportedly refused pleading illness); Industry: Jose Ermirio de Moraes (Sao Paulo despatch 369, April 1961); Education: Roberto Lira, professor at Sao Paulo Law College, Education Minister in Cafe Filho Government; Transportation: Helio de Almeida, businessman, President Engineers Club, recently returned from trip Red China. Chamber voting on Cabinet today.

GORDON

REE

7/12.13/62

Miscellaneous No. Rec'd

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TO: Secretary of State

NO: 137, JULY 13

PRIORITY

FOLLOWING FROM BRASILIA:

FOLLOWING ALL DAY SOMETIMES VIOLENT SESSION CHAMBER DEPUTIES TONIGHT APPROVED BROCHADO DA ROCHA CABINET AND PROGRAM BY 139 TO 63 VOTE. MUCH OF DISCUSSION REVOLVED AROUND FACT THAT NOT ALL CANDIDATES HAD BEEN CONSULTED OR HAD ACTUALLY ACCEPTED (JOAO MANGABEIRA REFUSED BECAUSE OF HEALTH REASONS). BROCHADO DA ROCHA REPLIED HE WOULD FOR TIME BEING AT LEAST ASSUME SUCH MINISTRIES AS WERE NOT IMMEDIATELY FILLED. SOME OF MOST VIOLENT EXCHANGES REFERRED TO JOSE BONIFACIO (UDN, MINAS GERAIS) SPEECH WHICH SHOOK CHAMBER YESTERDAY DETAILING RECENT CONVERSATION WITH PRESIDENT GOULART IN WHICH PRESIDENT ALLEGEDLY PRESSURED BONIFACIO TO HELP FORCE CONGRESS APPROVE EARLY PLEBISCITE DATE BY SHOWING HIM ALLEGED REPORT FROM MILITARY PROPOSING THREE ILLEGAL SOLUTIONS TO PREVENT CRISIS AND A FINAL ONE CALLING FOR IMMEDIATE PLEBISCITE. BONIFACIO ON BASIS INFORMATION OTHER SOURCES ALLEGED THAT PRESIDENT WAS EITHER GIVEN ERRONEOUS INFORMATION OR ACTED IN BAD FAITH. (WHILE NOT DENYING CONVERSATION PRESIDENT TODAY DENIED CONSPIRATORIAL ALLIGATION.

IN EXPLAINING VOTING POSITION PSD LEADERS SAID WHILE RELUCTANT APPROVE CABINET SELECTED IN SUCH UNORTHODOX MANNER, WOULD DO SO FOR PEACE TO RETURN TO COUNTRY AND (SOMEWHAT OMINOUSLY) TO HAVE ELECTIONS IN OCTOBER.

GORDON

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Control: 10001
Rec'd: July 13, 1962
10:48 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 137, July 13

INFO: S/MD
RM/R FILES files

PRIORITY

FOLLOWING FROM BRASILIA:

FOLLOWING ALL DAY SOMETIMES VIOLENT SESSION CHAMBER DEPUTIES TONIGHT APPROVED BROCHADO DA ROCHA CABINET AND PROGRAM BY 139 TO 63 VOTE. MUCH OF DISCUSSION REVOLVED AROUND FACT THAT NOT ALL CANDIDATES HAD BEEN CONSULTED OR HAD ACTUALLY ACCEPTED (JOAO MANGABEIRA REFUSED BECAUSE OF HEALTH REASONS). BROCHADO DA ROCHA REPLIED HE WOULD FOR TIME BEING AT LEAST ASSUME SUCH MINISTRIES AS WERE NOT IMMEDIATELY FILLED. SOME OF MOST VIOLENT EXCHANGES REFERRED TO JOSE BONIFACIO (UDN, MINAS GERAIS) SPEECH WHICH SHOOK CHAMBER YESTERDAY DETAILING RECENT CONVERSATION WITH PRESIDENT GOULART IN WHICH PRESIDENT ALLEGEDLY PRESSURED BONIFACIO TO HELP FORCE CONGRESS APPROVE EARLY PLEBISCITE DATE BY SHOWING HIM ALLEGED REPORT FROM MILITARY PROPOSING THREE ILLEGAL SOLUTIONS TO PREVENT CRISIS AND A FINAL ONE CALLING FOR IMMEDIATE PLEBISCITE. BONIFACIO ON BASIS INFORMATION OTHER SOURCES ALLEGED THAT PRESIDENT WAS EITHER GIVEN ERRONEIOUS INFORMATION OR ACTED IN BAD FAITH. (WHILE NOT DENYING CONVERSATION PRESIDENT TODAY DENIED)

IN EXPLAINING VOTING POSITION PSD LEADERS SAID WHILE RELUCTANT APPROVE CABINET SELECTED IN SUCH UNORTHODOX MANNER, WOULD DO SO FOR PEACE TO RETURN TO COUNTRY AND (SOMEWHAT OMINOUSLY) TO HAVE ELECTIONS IN OCTOBER.

GORDON

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DEPARTMENT OF STATE

AIRGRAM

732.13/7-1762

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TO : Secstate WASHINGTON

1962 JUL 20 AM 9 21

DEPARTMENT OF STATE BUREAU OF INTER-AMERICAN AFFAIRS JUL 20 1962

FOREIGN AFFAIRS DISTRIBUTION BRANCH

file EST/B-July 7/25/62

FROM : Amembassy BRASILIA Office DATE: July 17, 1962

SUBJECT : Initial Press Reaction to Installation of Brochado da Rocha as Prime Minister

REF :

(2)

While news treatment of Prime Minister Brochado da Rocha has been generally favorable such editorial comment as has appeared has been quite negative.

Rio daily Jornal do Brasil, which in recent months has almost invariably voiced the leftist-nationalist views of Santiago Dantas, was somewhat surprising in its lack of enthusiasm for Brochado:

> (July 11) "The nation has been concerned about the formation of the new Cabinet /which is/ perfectly understandable when one considers Brochado da Rocha's connections with a state which, although keeping within the limits of democracy--and contributing substantially on important occasions to the preservation of legality--is too much compromised by a certain type of extreme and demagogic language and action that does not exactly inspire the nation's confidence. We await in the coming days the first proof that Brochado da Rocha is something more than a provincial politician..."

Centrist, UDN-inclined O Estado de São Paulo called Brochado "a provincial and obscure personality" (July 11) and the next day expanded:

> "For anyone to accompany Mr. Brizzola in his nefarious governmental actions, to be unashamed to use his prestige as a professor of law to gloss over the

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Drafted by: HWeiner:jw | Contents and Classification Approved by: Phalne

Clearances:

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seizure of an American enterprise furnishing electrical energy in that state, when such a seizure did nothing at all to benefit the people of Rio Grande do Sul, but served only as a banner in the campaign of misguided nationalism and support for the fight the Communists are waging against our traditional allies of the North--is sufficient evidence that his appointment to such a high post in the Federal Government can only serve to cause apprehension in the nation. Agreeing to collaborate with his chief in Rio Grande do Sul and now with the President of the Republic, makes it clear that Mr. Brochado da Rocha is not putting at the disposition of the country his experience and his juridical knowledge but concurs in joining these two little demagogues in the execution of their reform plans. Mr. Brochado da Rocha becomes, pure and simple, part of, on the federal level, that current which at all costs is trying to anul the Ato Adicional of last September as the first step in the implantation in the country of a regime closely resembling the one Peron tried to establish in Argentina."

The chief political writer of the Diario Carioca, Danton Jobim, commenting (July 12) on Brochado's first address to the Chamber in which he announced he would request specially delegated powers, said:

"If the Chamber does not wish to confer them, it is quite clear, the man will return to Porto Alegre, where he will continue to be seated at the right hand of our Brizzola... the Chamber will have to accept or reject the whole plate ('prato feito'). The new Premier, quiet and obstinate, will settle for nothing less."

Rio daily O Jornal (July 12), commenting on the same speech, said:

"the new Prime Minister, it seems, is disposed to echo some of the xenophobic postulates and the anti-Americanism that constitute the great claims of the Governor of Rio Grande do Sul."

Communist Novos Rumos (July 12) said it would defer its analysis until "a government is formed and a program defined."

The political column of weekly magazine Manchete (which recently eulogized Santiago Dantas) described him as "...unbiased, after all, to any party obligation. Therefore, as a man above factionalism, he was nominated to the Parliament... The expressive confidence he got

0094

from Parliament promises a certain period of calm for the country." Manchete also quotes an educator as attributing to Brochado's work as Secretary of Education in Rio Grande do Sul the success of the current campaign there against illiteracy.

For the Ambassador:

Harry Weiner
Second Secretary of Embassy

APPROVED:

Philip Raine
Counselor of Embassy
for Political Affairs

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Control: 14486
Rec'd: July 19, 1962 9:01 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 171, July 19, 8 P.M., (SECTION I OF II)

PRIORITY

ACTION DEPARTMENT 171, INFORMATION BRASILIA PRIORITY 11

LIMIT DISTRIBUTION

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 support 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 Chief Civil

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AGRAM A-91 FR RIO DE JANEIRO TO STATE

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NND: 949515

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DEPARTMENT OF STATE

AIRGRAM

732.13/7-2062

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TO : Secstate WASHINGTON

1962 JUL 30 AM 9 20

ANALYSIS & DISTRIBUTION BRANCH

DEPARTMENT OF STATE
AFRICAN AFFAIRS
AUG 1 1962

FROM : Amembassy RIO DE JANEIRO

DATE: July 20, 1962

SUBJECT : Tancredo Neves Sums up His Record

REF :

file 8/1/62

(1)

In a one hour speech to the Chamber of Deputies on June 26, on the occasion of presenting his resignation, and that of the Council of Ministers, Prime Minister Tancredo Neves gave a summary of problems and accomplishments of his administration. Much of the speech was devoted to individual eulogies of his Ministers.

Neves said his Cabinet was "born of the compromise of all political forces, its objective consisting of the re-establishment of political and military order and social tranquility. In the conquest of this objective, we fought long and hard, each day joining the battle on various fronts, not always crowned with success, but always conducted with firmness, determination and courage."

Dealing first with the problem of inflation, Neves said he and his Cabinet had provided the Congress with the most well-planned and detailed plan of action to combat inflation in the history of the nation, based on reform of the tax system. Also vital to the plan was the reduction of the federal budget deficit. Neves put the failure to adopt the program on "the lack of sufficient time for consideration by the Congress," which forced the Government to turn to "palliatives and half-way measures." Unable to contain the rising cost of living, it became necessary to grant pay raises to civil servants and the military, raising the budget deficit from 200 billion cruzeiros in November to 330 in April. To reduce this trend he said, the Government sought to reduce its other expenditures and an increase in deposit

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Drafted by: HWeiner:jw

Contents and Classification Approved by: FRaine

Clearances:

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requirements. Compulsory and voluntary loans to the Government have had legislative authorization for too short time for their effect yet to be felt, he said.

Neves said his Government issued 25 billion cruzeiros in new currency in December, principally to cover Government pay raises. Between April and June another 20 billion were issued. Neves stated that the rate of issue was only half that of the previous year, being only six percent of the currency in circulation. He claimed this was the smallest figure in recent years.

In its treatment of inflation and balance of payments, the Cabinet never lost sight, Neves said, "of the grand national objective, a project with no alternative for our generation---economic development." The principal single danger facing Brazil in its long term economic development, he said, is that growth may be insufficient to absorb the increasing population and increase the per capita share of the national income.

He mentioned "the obligations assumed at Punta del Este" to promote social welfare, as being part of the program of his Cabinet. He said the institutional reforms "which are at the center of the national debate," such as agrarian, tax, financial and administrative reform had been prepared by his Cabinet for consideration. "Their readiness for consideration by the Government and Congress will permit their rapid approval by vote as they mature gradually in public debate."

On the control of foreign profit remittances, he said that referral of the bill to a joint committee insured that all "currents of thought" on the subject would be represented.

He concluded by saying the Cabinet had been "amply compensated for its effort because it had increased the hope of realizing the peace and tranquility of the people at a difficult moment in our history."

In the portion devoted to eulogies of individual Ministers, Neves said of Foreign Minister San Tiago Dantas, "We gave him all our support and solidarity, in the conviction, which is not ours alone, but also that of the majority of this Chamber and of the Brazilian people, that the policy of independence we are following is the only one compatible with the present stage of our social, economic and political evolution and the most suitable to the

0104

Christian and democratic ideas which motivate us."

Comment: Neves may be correct in stating that his anti-inflation program, had it been more promptly and fully supported by the Congress, would have been effective. O Estado de São Paulo, not normally a Neves supporter, is inclined to agree with him on that point (See A-16).

Probably the most distinguishing characteristics of the Neves administration were, on the plus side, that it gave the nation a political respite in which to heal the deep wounds opened by the resignation of Janio Quadros, and on the debit side, that its failure to move, or equally important, give the appearance of moving, to meet pressing economic problems resulted in a highly unfavorable public image of the parliamentary system. Neves did have a well-developed sense of the importance to Brazil of the Alliance for Progress. Although he acted too slowly, (hindered on many sides by special interests), he did finally help institute the Coordinating Committee for the Alliance for Progress. But this apparently had little effect on a public opinion accustomed to looking to a leader to accomplish reforms, rather than to the sophisticated concept of an alliance.

For the Ambassador:

Harry Weiner
Second Secretary of Embassy

APPROVED:

Philip Raine
Counselor of Embassy
for Political Affairs

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Rec'd: July 24, 1962 8:59 p.m.

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FROM: Rio de Janeiro

TO: Secretary of State

NO: 191, July 24, 10 a.m.

PRIORITY

Herewith highlights my tour d'horizon with new Foreign Minister Afonso Arinos July 21, apart from Peru problem reported Embassy telegram 179. 371.04 XR 723.00

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. Said 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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42 INCOMING TELEGRAM CONTROL: 18014 RECD: 7/26/62 12:55 a.m.
CORRECTION ISSUED: 7/26/62 12:55 a.m.

ARA

-2- 191, July 24, 10 a.m., from Rio de Janeiro. CORRECTED PAGE 2

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and Hermes Lima voted against proposal ask congress for authority to yield up to one-third; Arinos voted in favor on ground that congress should decide.

Turning to foreign policy, he mentioned report on Raul Castro's recent Soviet trip as including two most interesting points: (a) The Russians advised Raul that the Cuban industrialization program is inappropriate and foolish, and that Cuba should be concentrating on agricultural and livestock development; (b) Raul said that about two-thirds of the $550 million of aid received from Russia had gone into arms, largely heavy materiel for defense against foreign invasion. Now, however, the Cubans felt that main military danger was from internal guerrilla warfare, and they wanted to return substantial part of the heavy arms in exchange for anti-guerrilla materiel.

He then repeated his previous day's public statement that success of Alliance for Progress and efforts secure better trading relations with European Common Market would be his two main policies. He was beginning review institutional setup on Alliance to see how to make more effective. He asked me to review for him history of this, general public utility question, IT and T situation, and oil shale problem, on all of which he was still unbriefed.

He said he would abandon the term "independent foreign policy," on ground that not even US or Russia could have independent policy nowadays. His three catch words would be national personality, peace, and social progress. Expressed great pride in Geneva role, including excellent personal relations with Dean, and frankness exchanges with Zorin. Said had pressed Zorin on obsoleteness dialectical materialist theories in face nuclear weapons, and explained utter inacceptability Communist doctrines by himself or any other good Brazilian Catholic.

Returning to Brazilian scene, he doubted whether plebiscite on regime would be arranged in near future. Said immediate problem was to hold things together, reduce inflation, and start solving some

CONFIDENTIAL

F770005-1587

CONFIDENTIAL

-3- 191, July 24, 10 a.m., from Rio de Janeiro

some acute social problems, or Brazil would degenerate into military coup or even civil war between north and south. He acknowledged grave dangers in polarization political life under leadership PTB compact group and said his moderate bloc in cabinet would work toward rebuilding the center-left.

Arinos had told Dantas that he would stay only until end January, and would be happy return Itamaraty to Dantas at that time. Dantas replied would prefer Finance Ministry.

Finally, he expressed most acute concern at rumors he had heard that I was discouraged and contemplating resignation. I replied that my principal purpose in coming to Brazil was to make success of Alliance for Progress. As long as I was convinced that there was some hope of doing this, I would not want to resign. But cooperation could not be unilateral, nor could Brazilian cooperation be limited to the Foreign Office.

Tone of conversation was extremely cordial. I am well impressed by his initial attitude. It remains to be seen, however, whether he can make a reality of his present good intentions.

GORDON

LM: CJ/1

(#) Omission. Correction to follow.

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F770005-1588

62 Rio de Janeiro 191

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PER R. Eltz

OFFICE ARA

CASE NUMBER 5-C-554 Leeds

DATE 2-10-77

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INCOMING TELEGRAM

Department of State

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ACTION:

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RIO 205

FROM: Rio de Janeiro

TO: Secretary of State

NO: 205, July 25, 4 p.m.

PASS SOUTHARD

Press and private reports indicate Moreira Salles has accepted Finance Ministry and will be officially installed July 27 in Brasilia. Decision made after conversations with Goulart and Brochado Da Rocha yesterday.

First priority matter SUMOC wishes to discuss with Moreira Salles in exchange policy providing at least some liberalization present tight regulations under SUMOC 228 and FIBAN 474. Even import payments virtually stopped since restricted to special category and almost extinct PVC's.

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ACTION ASSIGNED TO:	ACTION TAKEN	
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DEPARTMENT OF STATE

AIRGRAM

732.13/7-2562

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A-21 NO. | LIMITED OFFICIAL USE | AIR PRIORITY HANDLING INDICATOR

TO : DEPARTMENT OF STATE JUL 27 PM 12 16

INTELLIGENCE ANALYSIS & DISTRIBUTION BRANCH

FROM : Amcongen SÃO PAULO DATE: July 25, 1962

SUBJECT : Biographic Information on Renato da COSTA LIMA, Minister of Agriculture

REF :

(1)

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Basic biographic information on Minister Costa Lima is contained in an Official Use Only section at the end of this report.

Renato da Costa Lima was apparently happy to have his new job: he accepted it with alacrity, in contrast to several other members of the Cabinet. He enjoys being in a prominent public position and has been almost out of the limelight since he left the Presidency of the Brazilian Coffee Institute at the end of the Kubitscheck regime. Then too, the offer of the Ministry of Agriculture gave him a good -- though belated -- excuse for withdrawing from the São Paulo gubernatorial race. The Brazilian Labor Party (Partido Trabalhista Brasileiro -- PTB) had dropped his candidacy with little ceremony only days before he was offered the Ministry (São Paulo Airgram A-6 of July 11, 1962). He would probably have withdrawn in any case, having publicly expressed determination not to run unless he could make a good showing, but he was nevertheless believed to be piqued at the PTB decision. Attainment of the São Paulo Governorship has been a fond ambition for years (see Despatch 321 of June 27, 1961).

Costa Lima may well turn out to be one of the better appointments in the new Cabinet. He is considered industrious and, as Brazilian politicians go, sufficiently honest. Join to these qualities the equally rare ability to conciliate both conservatives and radicals, and one apparently has the recipe for the sort of Cabinet member called for by

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the troubled situation. Some São Paulo observers even believe that Costa Lima might be able to do something for Brazilian agriculture -- the last thing normally expected -- though his probable short tenure is against him. Paulista farmers think it is about time they had a break. Even within rich São Paulo, the gap between backward agriculture and pampered industry is almost as marked as that between the State as a whole and the underdeveloped regions of Brazil.

It is not hard to see how Costa Lima earned the confidence, if not always the enthusiastic endorsement, of conservative sectors of public opinion. The big coffee planters and landowners are solidly conservative, and Costa Lima is one of them, as evidenced by his election and re-election to the Presidency of the Brazilian Rural Society (Sociedade Rural Brasileira -- SRB). The SRB is one of the two important groups representing land-owning farmers in São Paulo.

It is a little more difficult to understand where Mr. Costa Lima gained the confidence of the left. The principal ingredient in this confidence, apparently, is his membership in the Brazilian Labor Party (Partido Trabalhista Brasileiro -- PTB), though party membership is not normally a matter of vital importance in São Paulo. He is just about the last of the capable elements in the Paulista PTB to survive the leadership of Ivette VARGAS. Under Miss Vargas' Presidency, the PTB has lost many of its strong names and become distinctly second-rate. On the surface, there would seem to be hope of reversing this tide now that João GOULART is President, but Ivette Vargas has long been a rival of Goulart's and is still fighting his authority. Costa Lima is a member of the moderate wing of the PTB, perhaps best ideologically characterized as a centrist. But he is capable of maneuvering with little regard to principle when necessary, as witness his recent kowtowing to Dona Ivette. He evidently feels that his ambitions are best served by maintaining the support of the left, so he has not done anything to lose it.

It was undoubtedly of help to Costa Lima to gain a minor reputation as a "nationalist" during his Presidency of the Brazilian Coffee Institute. He criticized the United States in strong terms for its prevailing coffee policy. His position on the present policy is not clearly known, but he probably thinks much better of it. There are no indications that he is basically unfriendly to the United States. His son attended a Texas university, and at least one of Costa Lima's several business enterprises is connected with the Rockefeller interests in Brazil.



A final factor which undoubtedly keeps the left happy with Costa Lima is his presumed vote-gatting ability, the leftists in this regard being just as opportunistic as the conservatives and more desperate for talent. He has not had a chance to use this ability, never having held a publicly elected office, but there is good reason to have confidence in it. He is a big, rumpled, outgoing, hail-fellow-well-met. He knows what it is like to get farm soil under his fingernails, too, in this respect being unlike many São Paulo farmers and almost all São Paulo politicians. He would appear to be much closer to a common U.S. political pattern than to the Brazilian. This should be an important asset in a country where the advantage of leftist politicians is frequently much less in ideology than in ability to sit down and talk with factory workers without visible fear of fleas.

Minister Costa Lima, at forty-five, is a young face in a Cabinet which one local columnist has called "not extreme right nor extreme left, but pretty near extreme unction." He will be one of the most ambitious in the new Cabinet, too, and will try hard to make a record. He announced a program containing some solid items almost immediately after being invited to become Minister. END LIMITED OFFICIAL USE

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Date and Place of Birth: December 4, 1916, Mocóca, São Paulo

Social Origins and Family Relationships: Renato da Costa Lima comes from a middle class agricultural family without social or political prestige. Parents: Pacifico da Costa Lima and Dona Clotilde Gomes de Meirelles Lima. On April 28, 1938 he married Dona Esther Ribeiro do Valle, who comes from a well-to-do and socially prominent São Paulo family. Five children, Antonio José, Linneu Carlos, Joaquim Augusto, Maria, and João Francisco.

Education: Primary schooling at Arquidio Cesano College. In São Paulo completed primary courses at São José Batataes College. Completed high school in the City of Mocóca in 1934. In 1935 he entered the "Escola Agricola Luiz de Queiros" in Piracicaba where he stayed until 1938, leaving without completing his course.

Languages: Portuguese and Spanish. Only rudimentary knowledge of English.

Political Affiliations: At present he is a member of the PTB party. Formerly was member of PSP party. Has changed party affiliations more than once.



Previous Career: After leaving college in 1938 he cleared a farm in Parana; moved to Mocóca to work on his father's farm; and then bought a farm in Mocóca, on which he grew cotton and tobacco with such success that various cigarette factories called him in as consultant in tobacco plantings they were undertaking.

In 1939 he moved to the "Usina Itaiquara," a sugar mill, as director of the agricultural section. Here he expanded sugar and coffee production and eucalyptus plantings. His management is credited with having been responsible for saving the mill and farm from bankruptcy. During his administration Mr. Nelson A. Rockefeller visited the farm. Soon after he acquired the São Bento and Santa Maria farms in Mocóca and Oriente, respectively.

In May 1953 he became director of the agricultural department of the Bank of the State of São Paulo. During his five months' administration he endeavored to defend the interests of the farmer and tried to stimulate mechanization of agriculture through agricultural financing. In that year he also became a member of the Junta of the Brazilian Coffee Institute (IBC), to which he was re-elected various times until 1957.

He left the state bank to become state Secretary of Agriculture, which post he held until February 1955. In 1956 he assumed the management of the Usina de Jacarezinho (sugar mill property) in the State of Parana, jointly with the shareholders of the Usina Itaiquara. In 1956, after selling the farm in Oriente, he purchased a farm in Cambara, in Parana.

He is one of the founders and a director of Avisco, a chicken cooperative, since he believes coffee plantings should grow alongside chicken farms. He is a member of the Associação Brasileira de Criadores de Suinos (hog raisers association), of which he was president in 1956; the Associação de Criadores de Gado Nelore do Brazil; Associação de Criadores de Gado Gir do Brasil; Associação de Gado Guezeraph (cattle associations); and Criadores de Cavalo Manga Larga (horse breeding).

In 1953 and again in 1954 he visited the United States on short visits. In the latter year he participated in the coffee convention at Boca Raton.

In 1953, at the time he was Secretary of Agriculture, he established the working basis for the collaboration of IBEC Research Institute with the Instituto Agronomico do Estado.

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From June 22, 1953 to June 30, 1956, he was Advisor of IBEC Brasil; Director-President of the Empresa de Mecanização Agricola S.A. EMA, from March 2, 1955 to December 18, 1956; Director-President of Sementes Agroceres S.A., SASA, from April 15, 1955 to November 1956; Director-President of Cargill Agricola e Comercial - CACBA from April 15, 1955 to December 1956; and is Director-President of Thela Comercial S.A., having taken office in March 1955.

He was appointed by the Minister of Agriculture as President of Comissão Executiva do Combate a Pragas do Cafeiro.

From 1951 to 1953 Mr. da Costa Lima was Director of Departamento da Cana da Sociedade Rural Brasileira; from 1953 to 1955 he was Director of Departamento de Recuperação do Solo, da Sociedade Rural Brasileira; from 1955 to 1957, Vice President of Rural and, in 1957, was elected its President with mandate up to 1960. He was Director of the Associação Paulista dos Avicultores; Director of Associação Agro Pecuaria do Vale do Rio Canoas and was a member of the Technical Council of FARESP.

On September 4, 1958, he was nominated President of IBC, replacing Dr. Paulo Guzo, and soon after he participated in the meeting of the Coffee Producing Countries in Washington as Brazil's representative. Quadros' election meant the end of this office.

In 1960, Costa Lima was re-elected President of the Brazilian Rural Society.
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Daniel M. Braddock
Minister Consul General

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RIO 223

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FROM: Rio-de-Janeiro

TO: Secretary of State

NO: 223, July 26

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10/5-Jww

On taking office July 25 Mines and Energy Minister Joao Mangabeira stated he would revise no actions taken by predecessor Gabriel Passos which he termed "definitive and consecrated". Bend efforts toward "eminently nationalistic achievements in Ministry", coinciding nothing to "pressure groups no matter how powerful".

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INCOMING TELEGRAM *Department of State*

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8:44 p.m.

RIO 226

Action: ARA
Info: SS SR G SP L H CAP EUR IO E AID PC P USIA NSC INR CIA NSA OSD ARMY NAVY AIR RMR

FROM: Rio de Janeiro

TO: Secretary of State

NO: 226, July 26, 7 P.M.

In first press interview July 25 Foreign Minister Arinos answered questions on various subjects as follows:

Peru: Support growing for Venezuelan proposal MFM. If meeting realized preparation agenda "fundamental to success".

Alliance for Progress: Having talked with Ambassador Gordon before departure US, found they agreed "greatest difficulty resides in (problem) planning...". However, only already developed country capable meeting Alliance planning requirements as now conceived. Thus Alliance "does not correspond Latin American reality...". Arinos pointed out in passing Alliance not program of "unilateral US aid".

17th UNGA: Arinos will head delegation at first meetings leaving command delegation to San Tiago Dantas until Brazilian Congress convenes March (assuming Dantas' candidacy deputy seat successful).

Cuba: Asked whether Cuba policy will be revised in accordance May 1961 promise of same on Cuba's becoming openly Communist. Foreign Minister read in full May 1961 speech reportedly envisaging in such event merely support of OAS measures to isolate country. (Further insistent questioning on this point interrupted by arrival important caller.)

European Common Market: Will continue efforts protect Brazil against damaging exclusion from ECM.

LAFTA: Needs "organic structure" in order achieve economic integration.

BOND

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Control: 20058
Rec'd: July 26, 1962
7:52 p.m.

ACTION:
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FROM: Rio de Janeiro

TO: Secretary of State

NO: 225, July 26, 6 p.m.

On taking office July 23 Foreign Minister Afonso Arinos made clear Brazil will continue "independent" foreign policy followed by predecessor Dantas. Replying to Under-Secretary Archer, who stated Quadros message to congress established "course of nations foreign policy which Arinos had time to apply" (as Quadros' Foreign Minister), Arinos reaffirmed "rectitude our conduct, consistency our procedure, moderation our proposals...in defense world peace and disarmament." Arinos praised Dantas declaring "profound spiritual and intellectual solidarity" with predecessor. Arinos took occasion contrast "panic" and "lack of confidence" of nations "ruling elite" with peoples calm.

Only JORNAL DO BRASIL has unequivocally supported Arinos' statements calling them "evidence" other nations need not have doubts about line Brazil taking with which it continues earning "respect of other peoples." JORNAL DO COMMERCIO denied total opposition to "independent" policy but regretted its "idiosyncratic" tendency to consider departures from traditional policies "indispensable" as evidence supposed "maturity." Conservative JORNAL uneasy over "errors committed in name "independence" causing "enormous moral and material damages." Oppositionist CORREIO DA MANHA found Arinos' speech "poor in words and ideas" and Foreign Office seeming "insist on policy of alienation, unwilling see reality present international picture." Conservative O GLOBO commented Arinos "arouses fears."

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RIO 243

Action: ARA

Info: SS SR CAP SSO E AID PC P USIA NSC INR CIA NSA OSD ARMY NAVY AIR FRB TRSY RMR

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 243, JULY 31

PASS AMBASSADOR GORDON

MOREIRA SALLES TOOK OVER FINANCE MINISTRY JULY 30. IN SPEECH AT CEREMONY ANNOUNCED MIGUEL CALMON WILL BE UNDER-SECRETARY. SPEECH EMPHASIZED "ELEVENTH HOUR" NATURE BRAZIL'S FINANCIAL PROBLEMS; NEED FOR STRONG MEASURES, ESPECIALLY COMBAT INFLATION; COLLABORATION WITH FRIENDLY NATIONS, PARTICULARLY THE U.S., NEED RESTORE CONFIDENCE AND TRANQUILITY; SUPPORT FREE ENTERPRISE AND ATTRACT FOREIGN INVESTMENT. DID NOT SPELL OUT DETAILS.

SPEECH EXPLAINED ACCEPTANCE IN TERMS GOULART AND BROCHADO DA ROCHA AGREEMENT SERIOUS NATURE BRAZIL'S FINANCIAL DIFFICULTIES. SAID WOULD RESIGN WHENEVER FEELS NOT POSSIBLE CARRY OUT HIS PROGRAM.

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DEPARTMENT OF STATE

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A-136 (NO.) CONFIDENTIAL (HANDLING INDICATOR)

TO : DEPARTMENT OF STATE 1962 AUG 6 PM 4 13

DISTRIBUTION

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 AID 732.00 XR 732.13

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:

1. Moreira Salles dwelt at length on his reluctance to accept the position and made it clear that he only did so upon repeated insistance 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.

Enclosure:
Informal Translation (UNCLASSIFIED)
(as stated)
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Drafted by: RVKorp:dh | Contents and Classification Approved by:

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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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DEPARTMENT OF STATE

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A-185 — NO.

CONFIDENTIAL — HANDLING INDICATOR

TO : DEPARTMENT OF STATE

RECEIVED AUG 13 1962 9:18
RM/VAN ANALYSIS & DISTRIBUTION BRANCH

FROM : AmEmbassy RIO DE JANEIRO DATE: August 13, 1962

SUBJECT : Conversation with Under-Secretary of Finance, Miguel Calmon

REF : CERP D-12 (1)

While on a visit to Brasilia early last week, the reporting officer had the opportunity of having a talk with Mr. Miguel Calmon, the newly named Under-Secretary of Finance.

Mr. Calmon makes a good impression. He seems to have a fresh and sincere approach to his job. He displays enthusiasm and perhaps a trace of an exuberance not yet leavened by practical experience of how difficult it is to get things done in the Brazilian Government. However, on the other side he specifically stressed that political difficulties could well nullify his best efforts.

Mr. Calmon described himself as a banker who has taken on the job of Under Secretary at considerable personal sacrifice. He has done this both because of the seriousness of the problems facing Brazil and because Finance Minister Moreira Salles had insisted on it. Calmon said that Moreira Salles picked him because he wanted a man of like ideas whom he could trust absolutely, especially since Moreira Salles planned to spend considerable time abroad. Calmon said that Moreira Salles' and his philosophies were very similar and indicated that the speech (transmitted by Embassy's A-136 of August 2) which Moreira Salles gave when he assumed office was a product of their joint discussions.

On matters of substance, Calmon reported that he felt that the internal financial situation was somewhat better than had been feared last month. He believes that with

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Drafted by: RVKorp|dh

Contents and Classification Approved by:

Clearances: REake: 3

0122

revenue increases and the sale of bonds authorized by the compulsory loan legislation, the new currency issue for the year as a whole could be limited to Cr$100 billion. 1/ He thought that perhaps performance could be better than this, if measures could be taken soon to raise railroad rates and perhaps to cut expenditures further, and if tax authority would be delegated to the Government by the Congress, making possible some increase in (consumption tax) revenue this year. The Under Secretary said he realized that the budget could only be brought under control slowly, but he thought that the deficit could be very much reduced next year through four measures, namely: a) an increase in revenue through tax reform; b) cuts and postponements in expenditures; c) the sale of Government bonds; and d) assistance (of an unspecified nature) for financing the budget deficit, from the profits of successful government enterprises. On the latter point, Calmon said that he thought it made no sense that the federal budget covered the losses of deficitary government enterprises, but did not get the benefit of the profits of the successful enterprises.

On the external side, the Under Secretary stated that he believed in close cooperation with the U.S. As a banker, he could well understand the attitude with which the financial community in the United States, and abroad generally, viewed Brazil. He would devote himself to getting rid of the artificialism which permeated both the external and the internal economic structure of Brazil.

In closing the interview, Under Secretary Calmon underlined that all his plans depended on realizing his hope of a return to political tranquility. Without this, there was little hope for constructive measures. He reiterated that Moreira Salles and he would work as a team and that, at the least, they hoped to defeat foolish proposals and to keep matters from becoming worse.

For the Ambassador:

Ralph V. Korp
Financial Attaché

1/ During the first seven months of the year, Cr$55 billion of new money was issued (not including Cr$5 billion released from SUMOC vaults). Thus Mr. Calmon's projections would imply the issuance of Cr$45 billion of currency during the August-December period.

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Control: 12658
Rec'd: August 16, 1962
9:23 p.m.

ACTION:
INFO:
RM/R FILES

FROM: Rio de Janeiro

TO: Secretary of State

NO: 403, August 16, 6 P.M.

PRIORITY

ACTION DEPARTMENT 403, INFORMATION USUN 5

Dias Carneiro asked Embassy confirm Department and US delegation that reports not correct that Frazao replaced by Moreira Salles as head Brazilian delegation Coffee Conference. Said Foreign Office issuing denial this afternoon. Explained that confusion arose from fact both Frazao and Moreira Salles received separate cables from Cabinet informing them they had authority GOB negotiate declaration on obstacles to trade. Moreira Salles already in Paris other business.

Gave Embassy copy new version Article 18 on which he expressed hope agreement could be reached as it is Brazil's "final" draft. Said Frazao presented it today on instructions President, Prime Minister and Foreign Minister -- not on his own.

GORDON

MJA-2

398.2333/8-1662
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Control: 19385
Rec'd: AUGUST 24, 1962
5:17 PM

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FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 462, AUGUST 24

INFO:

RMAR FILES

file w/d June 8/27/62

FOLLOWING FROM BRASILIA

SENATE BY VOICE VOTES LAST NIGHT AND PREVIOUS DAY APPROVED TWO OF THE THREE "DELEGATED POWERS" REQUESTED BY THE PRIME MINISTER AND APPROVED BY THE CHAMBER LAST WEEK--CREATION OF TWO MINISTERS WITHOUT PORTFOLIO AND POWER TO "...ALTER EXISTING LEGISLATION CONCERNED WITH INTERVENTION IN THE ECONOMIC DOMAIN TO ASSURE THE UNHAMPERED DISTRIBUTION OF GOODS AND SERVICES ESSENTIAL TO THE FEEDING OF THE PEOPLE... AS WELL AS TO REORGANIZE THOSE AGENCIES WHICH DIRECTLY OR INDIRECTLY ARE CONCERNED WITH FOOD SUPPLY PRICES AND POLICY...". APPROVAL OF CREATION OF FEDERAL FARMING AND LIVESTOCK FUND EXPECTED SOON.

GORDON

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732.13/8-2462

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(19)

DEPARTMENT OF STATE

AIRGRAM

732.13/8-3162

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A-266 NO. | CONFIDENTIAL | AIR POUCH HANDLING INDICATOR

TO : Department of State

1962 SEP 4 AM 9 25 DEPARTMENT OF STATE BUREAU OF INTER-AMERICAN AFFAIRS SEP 6 1962 RECORD ANALYSIS & DISTRIBUTION BRANCH

FROM : Amembassy, Brasilia, D. F. DATE: August 31, 1962

SUBJECT: Ideology of New Minister of Education, Professor Roberto Lyra.

REF :

(2)

The following remarks made by Professor Roberto Lyra on August 21, during a conversation with the American writer, John Dos Passos, may be of interest as indicative of the Minister's ideology. Initiating the conversation, Professor Lyra explained his great respect and enthusiasm for Dos Passos' writings which, he said, he knew thoroughly. In fact, as a younger man and journalist, he had written a daily column for A Noite where he had written critical appreciations of most of Dos Passos' works. He went on to say that he wished Dos Passos to know that he has a great admiration for the American people, that they are a "wonderful, friendly, able and humanitarian people, who have managed to remain that way despite living under the capitalist system" of whose faults "we are all aware." The Minister embroidered a little longer on the inhuman aspects of the capitalist system before going on to other subjects. He gushed so enthusiastically that it was not possible to discuss the point.

Later in the conversation the Education Minister alluded to the under-developed state of Brazil saying that he could not understand why Brazil remained undeveloped when Brazil and the United States had achieved independence more or less at the same time. His question was "What went wrong in our development that the United States became the powerful nation it is while Brazil remains a poor nation? We must find the key to this riddle to overcome the frustrations of Brazilian youth."

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FORM DS-323 4-62

Drafted by: PRaine/jhm | Contents and Classification Approved by:

Clearances:

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Apparently the Professor is a socialist and has little or no understanding of the United States, to say nothing of his own country's historical development. He was obviously sincere in his admiration for Dos Passos and is probably sincere about his "admiration" for the American people. He told the reporting officer, in the presence of journalists and others, that he looks forward to cooperative efforts in the educational field with the U.S. Government despite the fact that he intends to be in the post for a short time only.

For the Ambassador:

Philip Raine
Counselor of Embassy
for Political Affairs

DISTRIBUTION: All consulates in Brazil; Service Attachés, USIS, Econ (2), POL I (5), POL II, Labor, CF (3), Brasilia (5).

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Control: 799

Rec'd: SEPTEMBER 3, 1962 5:42 PM

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FROM: RIO DE JANEIRO

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TO: Secretary of State

NO: 526, SEPTEMBER 3

ACTION DEPARTMENT 526, INFORMATION BRASILIA 21

ON SEPTEMBER 1 GOULART RETURNED PROFIT REMITTANCE BILL WITHOUT SIGNATURE OR VETO TO PRESIDENT OF CONGRESS FOR PROMULGATION. UNOFFICIAL TRANSLATION OF TEXT OF NOTE ISSUED THROUGH PRESS SECRETARY FOLLOWS:

"PRESIDENT OF REPUBLIC, AFTER HAVING SUBMITTED PROJECT OF LAW CONCERNING PROFIT REMITTANCE FOR STUDY BY TECHNICAL COMMISSIONS AND HAVING HEARD RESPONSIBLE ADMINISTRATION ORGANS, DECIDED TO FORWARD IT, IN ACCORDANCE WITH CONSTITUTION, FOR PROMULGATION BY CONGRESS, ALTHOUGH RECOGNIZING IN IT IMPERFECTIONS AND CONTRADICTIONS WHICH, NEVERTHELESS , CAN BE CORRECTED.

RMR

"IN NUMEROUS PRONOUNCEMENTS, NOTABLY IN HIS MESSAGE THIS YEAR TO NATIONAL CONGRESS, PRESIDENT ALWAYS ADVOCATED A LAW WHICH, WHILE REGULATING SUBJECT, MIGHT ABOVE ALL DEAL WITH SELECTION OF FOREIGN INVESTMENTS IN COUNTRY.

"IN ABSENCE OF THAT KIND OF A LAW, AND GIVEN POSITIVE ASPECTS OF PROJECT, PRESIDENT CONSIDERED IMMEDIATE PROMULGATION OF A REGULATORY STATUTE MORE DESIRABLE FOR NATIONAL INTEREST THAN MAINTENANCE OF PRESENT DISORGANIZED SITUATION.

declassified by EA/R

"NATIONAL CONGRESS WILL CERTAINLY IMPROVE PROJECT WHICH IT WORKED OUT IN ORDER TO ENCOURAGE PRODUCTIVE INVESTMENT AND HAVING IN VIEW AT ALL TIMES HARMONIOUS PROCESS OF DEVELOPMENT IN BRAZIL'S ECONOMIC EMANCIPATION."

(3)

JT/21

GORDON

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Control: 1632
Rec'd: September 4, 1963
6:33 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 534, September 4, 4 p.m.

PRIORITY

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 new 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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INCOMING TELEGRAM

Department of State

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RIO 545

Control: 2764
Rec'd: September 5, 1962
7:06 p.m.

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FROM: Rio de Janeiro

TO: Secretary of State

NO: 545, September 5, 6 p.m.

PASS AGRICULTURE

Embassy telegram 541

Ambassador Barbosa da Silva replaced as President Alcohol and Sugar Institute by Augusto de Gregorio PTB federal deputy candidate state of Rio de Janeiro.

PTB Senator Nelson Maculan rumored replacement Frazao President IBC.

These actions further evidence PTB efforts strengthen and consolidate position prior elections.

No guarantee Barbosa's removal will not affect Brazilian sugar supplies to US market and what purchases. Barbosa believes GOB will honor August 29 offer in view urgent need dollars.

Agriculture Attache memorandum conversation follows.

GORDON

DLW

732.13/9-562

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Control: 2761
Rec'd: September 5, 1962
7:07 p.m.

RM/R-/ 9/10/62

DH/CSD

FROM: Rio de Janeiro

TO: Secretary of State

NO: 541, September 5

ATTENTION: BLUMENTHAL

PASS AGRICULTURE

GOB accepted fourth Ambassador Frazao's resignation IBC. Milton Ferreira Paiva acting. Some say resignation is solidarity with Finance Minister who resigned third. However, believe real cause is long-standing difference with IBC administrative board. Report follows.

GORDON

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732.13/9-562

SEP 6 1962

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Control: 3983
Rec'd: September 6, 1962
8:00 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

INFO: RM/R FILES

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. Says there will be complete continuity between his policies and those of Moreira Salles. Most personnel will continue, including Bulhoes in SUMOC and Proenca 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 arrears

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INCOMING TELEGRAM **Department of State**

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Control: 3983
Rec'd: September 6, 1962
8:00 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 547, September 6, 5 P.M.

INFO: RM/R FILES

RIO 547

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832.10/131

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RM/R files

DEPARTMENT OF STATE

Memorandum of Conversation

OFFICIAL USE ONLY

DATE: September 12, 1962
11:00

SUBJECT: Moreira Salles' Resignation

PARTICIPANTS: Ambassador Roberto de Oliveira Campos of Brazil

Mr. Edwin M. Martin, Assistant Secretary of State for Inter-American Affairs

COPIES TO: ARA
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American Embassy Rio de Janeiro

732.13/9-1262

Ambassador Campos stated that Moreira Salles had told him that it was not his objection to the profit remittance bill that had provoked his resignation; in fact he had favored the compromise by which the Chamber would adopt the Senate bill repealing the undesirable provisions of the law. The explanation was that Moreira Salles felt the Brazilian Government needed a Finance Minister who was in the Congress and had influence in the Congress. The obstacles to a financial stabilization program were not financial or technical but political. Moreira Salles had selected Calmon as Under Secretary with the idea that he would be a good person to take over upon his departure. Moreover Moreira Salles' bad health and family reasons for wishing to leave the post.

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OCT 8 1962

Memorandum by RMJR

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Control: 9053
Rec'd: September 12, 1962
8:55 p.m.

RIO 587

FROM: Rio de Janeiro

TO: Secretary of State

NO: 587, September 12, 3 p.m.

ACTION: EAB
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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..

732.00(B)/12-2

(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.

Continued on page 2

(2)

(5) Levy said PSD leaders are in basic agreement with UDN position but admitted PSD not as united as UDN.

(6) UDN has

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FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 608, SEPTEMBER 13, 4 PM.

PRIORITY

FOLLOWING FROM BRASILIA

REFERENCE: EMBASSY TELEGRAM 583.

1. CRISIS ATMOSPHERE DEEPENING AS MORE DETERMINED SUPPORTERS BOTH SIDES EXECUTIVE-LEGISLATIVE DISPUTE PUBLICLY BECOMING MORE EXTREME IN POSITIONS AND AS ATTEMPTS MODERATES FIND CONCILIATORY SOLUTION SHOW LITTLE PROGRESS. THIS PUBLIC VIEW CONFIRMED BY PRESIDENT CHAMBER DEPUTIES AND EX-PRESIDENT KUBITSCHEK WHO AFTER LENGTHY TALKS WITH PRESIDENT AND OTHERS PRIVATELY VOICED CONCERN YESTERDAY AT HARDENING OF EXTREME POSITIONS UNLIKE DURING OTHER RECENT CRISES WHEN WILLINGNESS COMPROMISE ALMOST ALWAYS EVIDENT.

2. FOLLOWING MOST SIGNIFICANT DEVELOPMENTS ON PRESIDENTIAL FRONT:

(A) SOURCE CLOSE TO PRESIDENT QUOTES GOULART SAYING WILL NOT CEASE FIGHTING EFFORT UDN "TO KEEP ME POLITICAL EUNUCH."

(B) GOULART TOOK TIME OUT FROM VIRTUALLY CONTINUOUS MEETINGS ON CRISIS (HERMES LIMA, SANTIAGO DANTAS AND ANTONIO BALBINO NOW APPARENTLY HIS PRINCIPAL ADVISERS SINCE PRIME MINISTER RELEGATED TO CORNER BECAUSE OF HIS BLOOPER IN ACCEPTING AUGUST 17 FORMULA WHICH TURNS OUT UTTERLY INADEQUATE FOR PRESIDENT'S OBJECTIVES), TO ISSUE STATEMENT ON DEMANDS GENERAL STRIKE COMMITTEE PUBLISHED SEPTEMBER 10. SAYING SYMPATHIZED WITH DISQUIET LABORERS "WHO SUFFER MOST BECAUSE OF COUNTRY'S ANTIQUATED INSTITUTIONAL STRUCTURE" AND REITERATING NEED VOICED BY PEOPLE

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9:37 PM

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RMR

FROM: Rio de Janeiro

TO: Secretary of State

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

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Rec'd: September 15, 1962 4:16 pm

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FROM: Rio de Janeiro

TO: Secretary of State

NO: 628, September 14, 6pm

RM/R file 10/1-9WW

Following from Brasilia

Goulart today appointed Chief Military Household General Amaury Kruel 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 Kruel 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, Kruel is retaining position of Chief Military Household.

GORDON

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CORRECTION ISSUED: 9/15/62, 2 AM

Control: 10755

Rec'd: SEPTEMBER 14, 1962

11:03 AM

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FROM: RIO DE JANEIRO - CORRECTED COPY

TO: Secretary of State

NO: 613, SEPTEMBER 14

ACTION: EUR/B

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NIACT

FOLLOWING FROM BRASILIA

IN APPARENT EFFORT ANTICIPATE PASSAGE CAPANEMA BILL PRIMIN REQUESTED AND WAS GRANTED SPECIAL PERMISSION IN WHICH DETAILED FAILURE OBTAIN PLEBISCITE OCTOBER 7 AND SPECIAL POWERS ANNOUNCED HIS AND CABINET'S RESIGNATION. SPEECH WAS MODERATE AND CONCILIATORY IN TONE FROM ADMINISTRATION'S VIEWPOINT BUT LATER BRIEF "STATEMENT TO NATION" TUNED MUCH MORE FOR POPULAR CONSUMPTION.

SENATE AND OTHER LEADERS IN EFFORT FIND SOLUTION CRISIS WORKED OUT FORMULA COMBINING CAPANEMA LAW EMPOWERING PRESIDENT NAME INTERIM PRIMIN AND CABINET IN ABSENCE CONGRESSIONAL QUORUM WITH CALL FOR REFERENDUM ON PARLIAMENTARY SYSTEM JANUARY 6. CONGRESS WOULD THEN HAVE 90 DAYS IMPLEMENT REFERENDUM RESULT. BILL PASSED SENATE 4:30 A.M. GOES TO CHAMBER THIS AFTERNOON. CHAMBER EARLY THIS MORNING REJECTED OLIVEIRA BRITO AMENDMENT PRESUMABLY PERMIT EARLIEST CONSIDERATION NEW SENATE BILL.

GORDON

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1:05 AM

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FROM: RIO DE JANEIRO - CORRECTED COPY

TO: Secretary of State

NO: 627, SEPTEMBER 15

FOLLOWING FROM BRASILIA

EMBTEL 613

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 PROCALIMED 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.

Declassified by RMR

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)

BILL REPORTEDLY

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FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 629, SEPTEMBER 15.

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FOLLOWING FROM BRASILIA

EMBTEL 627.

DESPITE EARLIER 5-4 UNFAVORABLE COMMITTEE REPORT BASED ON PURPORTED UNCONSTITUTIONALITY SENATE AMEMDMENT 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.

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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Rec'd: September 18, 1962
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FROM: Rio de Janeiro

TO: Secretary of State

NO: 637, September 17, 5 P. M.

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 layer 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 of 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

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Control: 13594

Rec'd: September 18, 1962 11:46 a.m.

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FROM: Rio de Janeiro

TO: Secretary of State

NO: 636, September 17, 4 p.m.

PRIORITY

Following from Brasilia:

President has named Hermes Lima as Prime Minister. Cabinet not yet final but high source Civil Household says will remain 60% unchanged. Likely shape up as follows:

Hermes Lima will also be Minister of Justice;
General Kruel, War Minister (Air and Navy remain unchanged);
Miguel Calmon, Finance Minister;
General Lott expected accept Mines and Energy; (?)
Costa Lima will probably remain as Agricultural Minister;
Hugo de Faria now Chief Civil Household may be named to Labor or without portfolio although claims prefers present position.

Arinos will probably remain as Foreign Minister.

This Cabinet elected to remain until new Congress installed February/ next year.

Although far from ideal there is some improvement over Brochado de Rocha because Hermes Lima, although Socialist of old-school type and though only moderately efficient and effective, is several grades above Brochado in general political and economic understanding Brazil's problems. Brochado was administrative disaster with mountains work awaiting new Prime Minister. While Lima has anti-American views of typically French-oriented intellectual, this characteristic believed more passive than active

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active. Good source says is one of President's more moderate advisors. Otherwise Cabinet as outlined above would have fair amount of competence and should be basically anti-Communist (if Lott is not the best prepared candidate for Mines job he is at least anti-Communist and honest).

Chief Federal Police Cairoli recently named sub-Secretary Justice will probably continue that post.

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FROM: Rio de Janeiro

TO: Secretary of State

NO: 642, September 18, 3 P.M.

PRIORITY

Following from Brasilia

Reference: Embassy telegram 636

New Cabinet announced officially late yesterday differs from that detailed in reference telegram in following respects: (1) Hermes Lima to hold both Prime Ministry and Foreign Affairs; (2) Justice to Joao Mangabeira; (3) Education to Darcy Ribeiro (now Rector University Brasilia); (4) Labor to Joao Pinheiro Neto (presently Labor Under Secretary); (5) Health to Dr. Eliseu Paglioli (now Rector University Rio Grande do Sul); (6) Navy, Agriculture and Air to be filled by hold-overs from da Rocha Cabinet.

In press conference held yesterday following his return from Rio Prime Minister Designate Lima emphasized transitory character of new Cabinet, asserting its only function that of serving as overseer of October 7 elections and stating that it should be re-organized soon thereafter.

Embassy Office believes Lima's public emphasis on temporary nature new Cabinet probably made in response to political pressures PSD and PSP party leaders with whom he doubtless conferred during Rio trip. Whether it really represents shift previous Goulart intention maintain Lima Cabinet in office until next year's plebiscite (reported reference telegram) or as merely attempt buy time by publicly soft-soaping party leaders (who doubtless disappointed at Goulart failure to provide

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immediate

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-2- 642, September 18, 3 P.M., from Rio de Janeiro

immediate quid pro quo for recent PSD-PSP support on plebiscite issue) remains be seen. Most likely hypothesis seems be Goulart awaiting election results order decide if able stick with this latest group "high quality" cronies or need bring in outside elements order achieve wider political support.

As for Cabinet itself, Ribeiro and Mangabeira appointments hardly reassuring (given generally socialist tenor new Cabinet) though Embassy Office still believes Cabinet as whole represents some improvement over Brochado group.

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TO: Secretary of State

NO: 718, SEPTEMBER 26

IN FIRST PRESS INTERVIEW AS FOREIGN MINISTER, HERMES LIMA ON SEPTEMBER 25 ANNOUNCED BRAZIL WOULD ATTEND INFORMAL MFM WASHINGTON WHERE IT WOULD MERELY "LISTEN, OBTAIN INFORMATION, AND EXCHANGE IDEAS" ON AMERICAN PROBLEMS PRESENTED, INCLUDING THAT OF CUBA. FOREIGN MINISTER ALSO STATED: (1) RECENT INTERVENTIONS BY MILITARY IN CERTAIN OARS "STRICTLY INTERNAL POLITICAL PROBLEMS WHICH COUNTRIES CONCERNED MUST THEMSELVES RESOLVE; (2) ALLIANCE FOR PROGRESS TO BE DISCUSSED AT NEXT MEETING IA-ECOSOC IN MEXICO, "EXCELLENT IDEA" AND "WE CANNOT LET IT DIE" BUT NEEDS BETTER COORDINATION: (3) PLANS FOR PRESIDENT KENNEDY VISIT BRAZIL UNALTERED: (4) MOREIRA SALLES WILL BE RETAINED AS AMBASSADOR TO ECM: AND (5) GOB NEEDS RETAIN SERVICES AFONSO ARINOS IN FURTHERANCE ITS FOREIGN POLICY OBJECTIVES.

EDITORIALIZING THESE CONNECTIONS ON SEPTEMBER 25 JORNAL DO BRASIL RECALLED IT HAD MAINTAINED INVARIABLY CONSISTENT POSITION ON CASTRO REGIME, TO WIT "CONDEMNATION ANTI-DEMOCRATIC AND ANTI-CHRISTIAN SYSTEM ADOPTED BY CUBA AND LIKE CONDEMNATION COLLECTIVE MEASURES NOT EXPRESSLY FORESEEN INTERNATIONAL AGREEMENTS SIGNED BY BRAZIL" ADDING ITS VIEWS CURRENT "COUNTER-PRODUCTIVE" EXHORTATIONS IN US AND SOME OARS RE INVOCATION MONROE DOCTRINE AS OF "DOUBTFUL LEGITIMACY" AND THAT "SAME CAN BE SAID OF RIO TREATY IN ABSENCE FLAGRANT INFRACTIONS ITS PROVISIONS". IN LEADING EDITORIAL SEPTEMBER 26 SAME PAPER ARGUED MONROE DOCTRINE LONG SINCE LOST ITS MEANING AND EVEN CEASED BEING GUIDELINE US FOREIGN POLICY. HAD ITS PRINCIPLES, FOR EXAMPLE, JUSTIFIED OCCUPATION AND INCORPORATION INTO US TERRITORY PUERTO RICO AND HALF OF MEXICO? WHILE MANY OARS OWED THEIR INDEPENDENCE IN PART TO ANTI-COLONIAL POLICIES US FOUNDING FATHERS AND TO SOME EXTENT MONROE DOCTRINE ITSELF, IT WOULD

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-2- 718, SEPTEMBER 26, FROM: RIO DE JANEIRO

IT WOULD BE WRONG USE IT TODAY AS PRETEXT FOR ARBITRARY MULTILATERAL ACTION. JORNAL CONCLUDED THAT IF US CHOOSES MAKE ANY DECISION CUBAN CASE BASIS "THAT UNILATERAL PROCLAMATION" LET US DO SO ON ITS OWN RESPONSIBILITY AND IF ANY OTHER COUNTRIES CHOOSE ADHERE SUCH PROPOSITION LET THEM DO SO ON THEIR OWN, BUT "BRAZIL DOES NOT NEED ANY SOPHISTRIES IN ORDER TO BE COHERENT IN HER FOREIGN POLICY AND FULFILL HER INTERNATIONAL OBLIGATIONS".

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TO: Secretary of State

NO: 718, SEPTEMBER 26

IN FIRST PRESS INTERVIEW AS FOREIGN MINISTER, HERMES LIMA ON SEPTEMBER 25 ANNOUNCED BRAZIL WOULD ATTEND INFORMAL MFM WASHINGTON WHERE IT WOULD MERELY "LISTEN, OBTAIN INFORMATION, AND EXCHANGE IDEAS" ON AMERICAN PROBLEMS PRESENTED, INCLUDING THAT OF CUBA. FOREIGN MINISTER ALSO STATED: (1) RECENT INTERVENTIONS BY MILITARY IN CERTAIN OARS STRICTLY INTERNAL POLITICAL PROBLEMS WHICH COUNTRIES CONCERNED MUST THEMSELVES RESOLVE; (2) ALLIANCE FOR PROGRESS TO BE DISCUSSED AT NEXT MEETING IA-ECOSOC IN MEXICO, "EXCELLENT IDEA" AND "WE CANNOT LET IT DIE" BUT NEEDS BETTER COORDINATION: (3) PLANS FOR PRESIDENT KENNEDY VISIT BRAZIL UNALTERED; (4) MOREIRA SALLES WILL BE RETAINED AS AMBASSADOR TO EGM; AND (5) GOB NEEDS RETAIN SERVICES AFONSO ARINOS (#) *in furtherance* ITS ~~FOREIGN~~ POLICY OBJECTIVES EDITORIALIZING THESE CONNECTIONS ON SEPTEMBER 25 JORNAL DO BRASIL RECALLED IT HAD MAINTAINED INVARIABLY CONSISTENT POSITION ON CASTRO REGIME, TO WIT "CONDEMNATION ANTI-DEMOCRATIC AND ANTI-CHRISTIAN SYSTEM ADOPTED BY CUBA AND LIKE CONDEMNATION *collective* ~~COLEMEZ#~~ MEASURES NOT EXPRESSLY FORESEEN INTERNATIONAL AGREEMENTS SIGNED BY BRAZIL" ADDING ITS VIEWS CURRENT "COUNTER-PRODUCTIVE" EXHORTATIONS IN US AND SOME OARS RE ~~DADOCATION~~ *invocation* MONROE DOCTRINE AS OF "DOUBTFUL LEGITIMACY" AND THAT "SAME CAN BE SAID OF RIO TREATY IN ABSENCE FLAGRANT INFRACTIONS ITS PROVISIONS". IN LEADING EDITORIAL SEPTEMBER 26 SAME PAPER ARGUED MONROE DOCTRINE LONG SINCE LOST ITS MEANING AND EVEN CEASED BEING GUIDELINE US FOREIGN POLICY. HAD ITS PRINCIPLES, FOR EXAMPLE, JUSTIFIED OCCUPATION AND INCORPORATION INTO US TERRITORY PUERTO RICO ~~AND~~ HALF OF MEXICO? WHILE MANY OARS OWED THEIR INDEPENDENCE IN PART TO ANTI-COLONIAL POLICIES US FOUNDING FATHERS AND TO SOME EXTENT MONROE DOCTRINE ITSELF, IT WOULD BE WRONG USE IT TODAY AS PRETEXT FOR ARBITRARY

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-2- 718, SEPTEMBER 26, FROM RIO DE JANEIRO

MULTILATERAL ACTION. JORNAL CONCLUDED THAT IF US CHOOSES MAKE ANY ~~BEMBA UJL~~ CUBAN CASE BASIS "THAT UNILATERAL PROCLAMATION" LET US DO SO ON ITS OWN. ~~TSJEAUJ#~~ ~~ABILITY~~ AND IF ANY OTHER COUNTRIES CHOOSE ADHERE SUCH PROPOSITION LET THEM DO SO ON THEIR OWN, ~~BUT~~ "BRAZIL DOES NOT NEED ANY ~~SOPHISTRIERZWUR#~~ TO BE COHERENT IN HER FOREIGN POLICY AND ~~GXAASLIIDGERER#~~ ~~EJSL#~~ NATIONAL OBLIGATIONS".

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DEPARTMENT OF STATE

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TO : SECSTATE WASHINGTON

DEPARTMENT OF STATE BUREAU OF INTER-AMERICAN AFFAIRS OCT 8 1962

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FROM : Amembassy BRASILIA Office DATE: October 2, 1962

SUBJECT : Goulart Appoints Celso Furtado Minister Extraordinary for Planning; Gives Views on Economic Development

REF :

Using one of the powers delegated to the Council of Ministers by Congress, the President of the Republic and the President of the Council of Ministers (the Prime Minister) appointed Celso Furtado as a "Minister Extraordinary" charged with national economic planning. He took office September 27 in Brasilia. Furtado will retain his position as superintendent of SUDENE. SUNAB (Superintendencia Nacional do Abastecimento) will be under his general supervision, as will other as yet unspecified administrative machinery, but he will not assume responsibility for its day-by-day operation.

As part of Furtado's swearing-in ceremony, President Goulart delivered a speech which is of more than routine interest. He announced Furtado's appointment as the "decisive fact" in a new policy, to be called the policy of "Economic development for the welfare of the people." A complete translation of the speech is attached. He said that only long-term national planning can accelerate the rhythm of national progress while minimizing the social cost of such progress. That is why, he said, he is calling on Furtado for a "general X-ray" which will guide short and long term planning.

Goulart said that the occasional modifications made in the past in the fiscal system and other basic sectors had been done without the necessary foresight and under the pressure of special interest groups. The result has been to aggravate existing difficulties and create new areas of privilege. Development has worsened the inequities of social injustice, where it was expected that at the least it would ease the strains already in existence.

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Drafted by: HWeiner:jw

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To make progress, archaic institutions must change, Goulart said. He gave as an example the agrarian situation. The lack of modernization in agriculture results in the imposition of sacrifices on the urban sectors least able to bear that burden, while at the same time, price increases in farm products benefit only intermediaries and speculators and not the people who work the land.

He also cited inflation, caused, he said, by the obsolete fiscal system which prevents the government from taxing the beneficiaries of development to obtain the revenue needed to finance needed heavy public investments. The government then resorts to issuing unbacked currency, resulting in inflation which acts as a tax on the common people. There is little public support, he said, for those who want to control inflation at the cost of development. The people know, he said, that in development lies the solution to the nation's problems. (Here Goulart reflects a widespread conviction among Brazilians that the exhortations in favor of austerity by U.S. and European economists were refuted, politically if not economically, in Argentina.)

He charged the new central planning organ, which Furtado will direct, with drawing up a plan "to integrate all public investment and discipline the incentives provided from federal resources to private investment." He said the planning group will carry out a "policy of national recuperation." In line with his posture of moderation, and perhaps anticipating perennial U.S. concern over his general ideological orientation, Goulart said, "Planning, far from sacrificing democratic liberties and a representative government, must contribute to the consolidation of both."

In his brief speech of acceptance of office (translation attached), Furtado said he is aware of the grave state of the economy but that he is not among those who see this only as a cause for frustration and despair. "Of our economy, anything can be said except that it is stagnant." He said Brazil's rapid rate of development puts it in the forefront when compared to the rest of the world. He said the central problem is to conserve, and even increase, this dynamism while at the same time creating stability. The only solution is planning. For planning to exist, he said, goals must be established, and compatibility brought about between those goals and the means available to achieve them. Rapid development requires structural changes. It is the task of planning to bring them about with minimum social cost. The need to anticipate those reforms makes planning particulary complex in underdeveloped countries. Nonetheless,

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such planning is perfectly possible of achievement. We have the personnel to do it, Furtado said. The most difficult part will be the beginning, when short-term problems will have to be faced.

Comment: Politically, this move of Jango's was indicated on several counts. After straining the nation's political institutions to the breaking point to achieve a plebiscite on presidentialism on January 6, 1963, (and working severe harm on the economy--the cruzeiro has declined almost 100 percent since the crisis of early July), he badly needs to establish himself in the public eye as a responsible, conscientious figure capable of leading the nation's efforts toward development and the solution of its myriad problems. Abroad, (and particulary with regard to the Alliance for Progress) he must be similarly convincing in his stance of responsibly guiding Brazil toward self-help and peaceful change.

Although he has said many times before that agrarian and fiscal reforms are vital, the deification of centralized planning is a new factor in Jango's thought. Undoubtedly the work of someone else, his speech indicates that he has "bought" the idea of central planning, not only for the political factors involved but also because it seems to make economic sense to him. The mixture of economics and mysticism, spiced with just a touch of demogoguery, suggests Furtado himself as the idea man and author of the speech.

It remains to be seen how much power Furtado will be given, and how he will apply his talents, which unquestionably exist, in drawing up his master plan. To be kept in mind is the possibility that in the cabinet re-organization likely to follow the October 7 elections the Minister of Finance post may go to San Tiago Dantas.

For the Ambassador:

Harry Weiner

Harry Weiner
Second Secretary of Embassy

APPROVED:

Philip Raine

Philip Raine
Counselor of Embassy
for Political Affairs

Enclosures: 1. Translation of President Goulart's speech.
2. Translation of Minister Celso Furtado's Acceptance Speech.

DISTRIBUTION: All consulates in Brazil, Service Attachés, USIS, Econ (2), Labor, Political II, POL I, (5), CF (3), POL Brasilia (5).

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SPEECH OF PRESIDENT GOULART,
SEPTEMBER 27, 1962, BRASILIA, AT THE SWEARING-IN CEREMONY
OF MINISTER CELSO FURTADO

We are not here today merely to carry out a routine administrative act. The assumption of office by a Minister of State with the responsibility of drawing up a plan of national development represents beyond doubt a highly important fact in the life of our country. The Government wishes to emphasize on this occasion that we have gone beyond the phase of experiments and trials to enter without further delay the stage of effective planning.

To begin with, the Government needs a general X-ray of the country to put into action long and short term plans of development. Only through dependable and realistic planning will we be able to accelerate the rhythm of national progress while at the same time reducing the social cost of its execution. It is no longer possible to continue to deal with our problems through spur-of-the-moment acts or improvised solutions for each emergency situation, with no certain notion of the repercussions that will follow.

The modifications introduced occasionally in exchange, fiscal and credit policy and in other basic sectors without the necessary forethought of consequences, and under the pressure of interest groups, has contributed to aggravate existing situations and to create new areas of privilege. As a result, development has caused a worsening of social injustices when it was hoped of it that at least it would ameliorate existing situations.

Inasmuch as all classes participate in the struggle for development, it is necessary that they participate also in its benefits; not as a simple act of generosity but as a requirement of social justice.

It is necessary to change backward institutional structures which have been converted into a barrier against the progress of our country. This is the case, for example, with the current agrarian structure. The difficulty of achieving modernization in agriculture imposes on the rapidly growing urban population a sacrifice which is even more unjust in that it falls upon the very poorest groups. At the same time this obsolete system prevents the occasional increases of the price of farm products from benefiting those who work the land,

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since the benefits always fall into the hands of intermediaries and speculators.

The inflation of prices which we are suffering is another indication of the damage that the lack of planning has been causing the creative forces of the national economy. If, on the one hand, public opinion demands of the government effective action to solve basic problems, including massive investments in the fundamental sectors, the fiscal system does not permit the corresponding measure of gathering taxes from those groups that concentrate in their hands the greatest benefits of development. To save itself, the Government issues unbacked currency which in practice is transformed into a tax that exacerbates and sacrifices the masses of consumers.

Those who preach combat against inflation through steps which would deter the development of the country and therefore at the cost of economic emancipation have not, fortunately, received the support of national public opinion. The people know, in their intelligence and in their intuition that development is a sine qua non for the solution of national problems above all for our collective welfare.

I must inform the nation that we, the President of the Republic and the Cabinet, are committed to the battle against inflation by any means within our reach with the aim of countering the uncontrolled rise in prices without, however, detering the march toward the conquest of new stages in the progress of our country. Through the knowledge of our economic and social realities, we have acquired the conviction that development demands structural modifications in the Brazilian economy. But the proper realization of these modifications presupposes planning without which we condemn the country to aggravation of social antagonisms.

In launching a policy of planning the execution of which will require some time, the Government is fully aware of the enormous difficulties it will have to face, of resistence and misunderstanding that it will have to overcome. We have, in fact, considerable experience along this line. Nevertheless, an effective program cannot limit itself to a group of partial projects. Long term orientation is a task to be trusted to a central organ which has the specific function of planning, of disciplining the total national effort now dispersed and almost always contradictory.

The institution of an organ responsible for planning constitutes a decisive fact in the direction of the new policy, which we might call the Policy of development for the welfare of the people. The new and important organ will function in close coordination with all high echelons of the federal administration. For this it will receive the necessary means so that in the shortest possible time it can draw up a plan of development which integrates all public investments

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and disciplines the incentives offered from the resources of the nation to private investors. It will also fall to the new organ to suggest the necessary steps for the adaptation of certain sectors of the administration to their exact functions in the execution of the plan.

Faced with the situation in which the country finds itself, and in the certainty, held by all of us, that it is in development that we will find the solution for our anguished difficulties, it will not be too much to affirm that the new minister has upon his shoulders the highest responsibilities: that of drawing up a plan of national recuperation. The people are ever more aware of their rights and their needs and they urgently clamor for basic structural modifications.

It is indispensable that we reform our agrarian economy. It is indispensable that we provide the government with the necessary tools for it to govern in benefit of the people, reforming the fiscal system, modernizing the banking system and, in general, the machinery of administration. We must build an educational system equal to the needs of a nation which is headed in the present decade toward a population of 100 million. We need to transform the fruits of our industrialization into the welfare of the majority of the Brazilian population, to give improved sanitary and housing conditions and free access to primary education.

We are living in difficult times. But as we obtain a deeper knowledge of our difficulties, we become more and more convinced of the greatness of our possibilities, of the possibilities of Brazil. It is not sufficient to work. It is necessary to work and keep working. It is indispensable that this be done under the orientation of a realistic general plan which determines the directions through which we will reach clearly defined objectives. We must carry out a plan which, far from sacrificing democratic liberties and representative government, contributes in increasing degree to the consolidation of both. Planning is a tool of the government for defining its objectives and the means and steps through which it can assure national emancipation in benefit of the people.

It is absolutely necessary also to bring this knowledge to the public opinion, for without the support of the people it will not be possible to execute any plan of economic and social development. Only they, only the people, convinced that the solution of their problems is the central objective of a policy, will be able to transform into reality this great undertaking.

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I am certain that with the help of the people and of all the vital forces of the nation we will create, although with difficulty, although with sacrifices, the road for our accelerating march toward progress, giving clear social content to the struggles in which we are engaged for the peace and tranquillity of the Brazilian family.

I entrust this instrument of planning to the direction of Mr. Celso Furtado who has shown in all the missions entrusted to him a vigilent intelligence combined with recognized technical capacity. Minister Celso Furtado in the name of the Council of Ministers and in my own name I deliver to you the direction of one of the most important tasks of the present government. I do it, however, in the justified expectation that you will provide inestimable services to Brazil.

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(UNCLASSIFIED WHEN DETACHED FROM AIRGRAM)

SPEECH OF CELSO FURTADO
ON ASSUMING OFFICE AS MINISTER EXTRAORDINARY FOR PLANNING,
BRASILIA, SEPTEMBER 27, 1962

In receiving this great honor of being invested as Minister Extraordinary, I wish to express my profound gratitude for the confidence placed in me. I will try to carry out the mission assigned to me, neither laughing nor crying, as Spinoza once said in the face of another task no less difficult.

I know from the direct contact I have with the problems of the administration how grave is the present situation of the country, affected by serious internal and external economic disequilibriums. However, I am not one of those who see in these disequilibriums reason only for frustration and despair. Of our economy one can say anything accept that it is stagnant.

The rate of our development puts us near the top of the list, internationally. How then to conserve this dynamism and even intensify it while giving it the economic and adequate stability? It is this which is our central problem. I believe that the only solution will be found through planning. In economics, as in everything else, planning means merely disciplined use of means to achieve, with a minimum of effort, previous established goals. For planning to exist, it is necessary therefore that economic policy establish with clarity and coherence the goals to be reached. In the second place, it is necessary for compatibility to exist between the goals and the available means. Coherence of objectives and compatibility between means and goals are basic prerequisites for all authentic planning.

In underdeveloped economies rapid development demands permanent structual modifications. To avoid inflationary tensions it is necessary for such modifications to be anticipated. To plan in an underdeveloped country is therefore to permit development with a minimum of structual tension, which is to say with a minimum of social cost. This need for anticipated institutional reform, which economists call qualitative policy, is what makes planning particulary complex in underdeveloped countries. Despite its difficulties and complexities planning is a task perfectly capable of achievement. We have available in this country personnel qualified to begin it with great probability of success. I am convinced that we will have to transform it into a central concern of the government, mobilizing for its success all the means available to the administration. The greatest difficulties will have to be faced in the initial

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phases in which short term measures will be necessary even before it is possible to encompass them within the long term objectives. Overcoming the first difficulties, planning will become irreversible through the great advantages which it offers as a guide to government and administration.

Conscious of the great responsibility implicit in the task to which I have been assigned, I intend to dedicate myself to it with all the enthusiasm stemming from the immense faith that I have in the future of our country.

The high quality of the members of the Council of Ministers, presided over by one of the most beloved professors of my youth, gives me the assurance that my technical work will always have to illuminate it the wisdom and experience without which plans can never be transformed into authentic government programs.

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OUTGOING TELEGRAM Department of State

A-2463

CONFIDENTIAL
Classification

Oct 4 5 00 PM '62

ACTION: Amembassy, RIO DE JANEIRO 878

Desire [redacted] copy decree defining powers Furtado in new position and clarification nature Furtado's new responsibilities.

Embassy Joint Weeka 38 states Furtado to head new GOB agency responsible food supply and price policy (SUNAB). However Embassy's statement that Furtado announced would spend remainder year drawing up national development plan and similar statement in speech by Goulart released by Agencia Nacional and carried FBIS September 28 indicate much broader powers and responsibilities. Reported speech of Goulart appears imply Furtado responsible for drafting plan economic restructuring including supervision public investments, agrarian reform, modernization of administrative machinery, fiscal and banking reform, education, health and housing. Included in Goulart remarks are phrases such as "policy of development for the people's well being" and "planning which can assure national emancipation for benefit of people".

Also desire Embassy's comments significance new Furtado appointment as related (1) Goulart's intentions in field of reform (2) Brazilian [redacted] for cooperation under Alliance for Progress (3) future of Furtado's position with SUDENE and on national economy and (4) future effectiveness.

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CONFIDENTIAL
Classification

operations of SUDENE. Is Furtado in process being kicked upstairs? Is Goulart maneuvering for political control of SUDENE?

END

[redacted]

CONFIDENTIAL
Classification

0161

ORIGIN ACTION		
ARPA 4		
RMR 2	REP	AF
ARA	EUR	FE
NEA	CU	INR 5
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OSD 17	USIA 8	NSA 3

DEPARTMENT OF STATE

AIRGRAM

632.00/10-962
XR 732.13

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A-399 (NO.) | CONFIDENTIAL | AIR POUCH (HANDLING INDICATOR)

TO : Secstate WASHINGTON 1962 OCT 12 AM 10 51

R/PAH
ANALYSIS & DISTRIBUTION
BRANCH

FROM : Amembassy BRASILIA Office DATE: October 9, 1962

SUBJECT : A New Look in Brazilian Foreign Policy?

REF :

The public statements of the recently-installed Brazilian Foreign Minister, Hermes Lima, have led to speculation in various quarters that Brazil may be in the process of modifying the stridently "independent" foreign policy which it has pursued ever since the accession of Janio Quadros to the Brazilian presidency. Some of Lima's recent private statements also lend support to the thesis that Brazil--though probably not modifying its present policy in its essentials--is nonetheless seeking ways to make it more palatable to (and publicly more in consonance with the objectives of) the United States.

What first drew notice from Brazilian observers were Lima's brief remarks upon taking office[1]--wherein he not only failed to pay homage to the "independence" of Brazil's stance in foreign affairs but cited the necessity for "hemispheric solidarity" and of the Foreign Office "honoring its traditions." Of course, Lima's words were sufficiently vague that some saw in them merely a continuance of the Arinos-Dantas foreign policy line. Though vague, however, Lima's words were sufficiently different from the nationalistic chest thumping in which his two immediate predecessors were wont to engage (to say nothing of the contrast they offered to the remarks of Under-Secretary Bernardes who--in turning over to Lima the office that he had been filling ad interim--did not fail to laud Dantas and

1. See enclosure for free translation.

FORM DS-323 4-62

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Drafted by: RMicelotta:HAQuinn:lw
Clearances:

Contents and Classification Approved by: PRaine

0162

Arinos and get in a plug for Brazil's manifest destiny as a world power) that they beguiled not a few with the possibility of a return to the pre-Quadros policy of placing primary emphasis on Hemispheric affairs and primary reliance on good relations with the United States.

And events for the following week did nothing to dispel this hope. On the one hand, the Foreign Minister privately informed Ambassador Gordon (Embtel 735) that he was in general agreement with the U.S. position on Cuba (as outlined by the Secretary to Ambassador Arinos in New York). Subsequently, Arinos himself came out publicly in defense of the thesis that the Communist penetration of Cuba was a threat to the security of the Hemisphere, (though, typically, he noted that this fact must be judged by each country in the light of its own special circumstances). The fact that Arinos was operating at the specific behest of the Foreign Minister (and, through him, the President) was underlined when the statement, though made in New York, was released by the Foreign Office in Brazil and given wide press play.

As might be expected, this refreshing display of anti-Communist vigour reportedly met with considerable resistance from the Leftist political forces whose support the Goulart administration (and Lima, whatever else he is, is a Goulart man, first, last and--probably--always) considers so essential to the maintenance of its political health. The result has been two subsequent public statements by Lima in which he has attempted to re-affirm the present regime's continuing loyalty to the thesis of "non-intervention" (a word which, as the Department is aware, has become an euphemism for a pro-Castro posture), while at the same time maintaining the essentials of the Arinos position as set forth in Washington (i.e., the thesis that Communism in Cuba is a threat to the Hemisphere). Indeed, it is significant that--in the first of these public declarations--Lima put the Communist threat first, and only subsequently attempted to counter-balance it with (1) the statement that it is up to each country to meet this threat as it sees fit (2) the (somewhat unrelated) claim that the forthcoming elections are clear proof of the validity of Brazilian democratic institutions (3) the declaration that Brazil is not defending the principle of self-determination solely for the benefit of Cuba but as a necessary adjunct to its support of the idea of peaceful co-existence and (4) that though Brazil recognizes Cuba's right of self defense, it also recognizes that other nations of the Hemisphere possess the same right (by reason of either their "geographic location" or of the exigencies of internal security), though it does not approve of the formation of military blocs by groups of American nations.

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4:42 p.m.

INFO:
DIR OR FILES

FROM: Rio de Janeiro

TO: Secretary of State

NO: 839, October 13, 5 p.m.

Reference DEPTEL 881

Paulo Nogueira gave Ambassador description functions these three advisors in line Brazilian Embassy Bulletin.

Minister Cadaza, who until recently temporarily serving as Assistant Secretary General for Economic Affairs, amplified this some in response inquiry from Eakens. Confirmed Frazao would handle international coffee policy and problems and Garcia AFB but said Barbosa da Silva at present only working on GATT matters and would head Brazilian delegation forthcoming GATT meeting. Indicated, however, duties all three not yet fully defined but that they working as advisers Prime Minister not Foreign Minister.

GORDON

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(2) declassified by RM/R

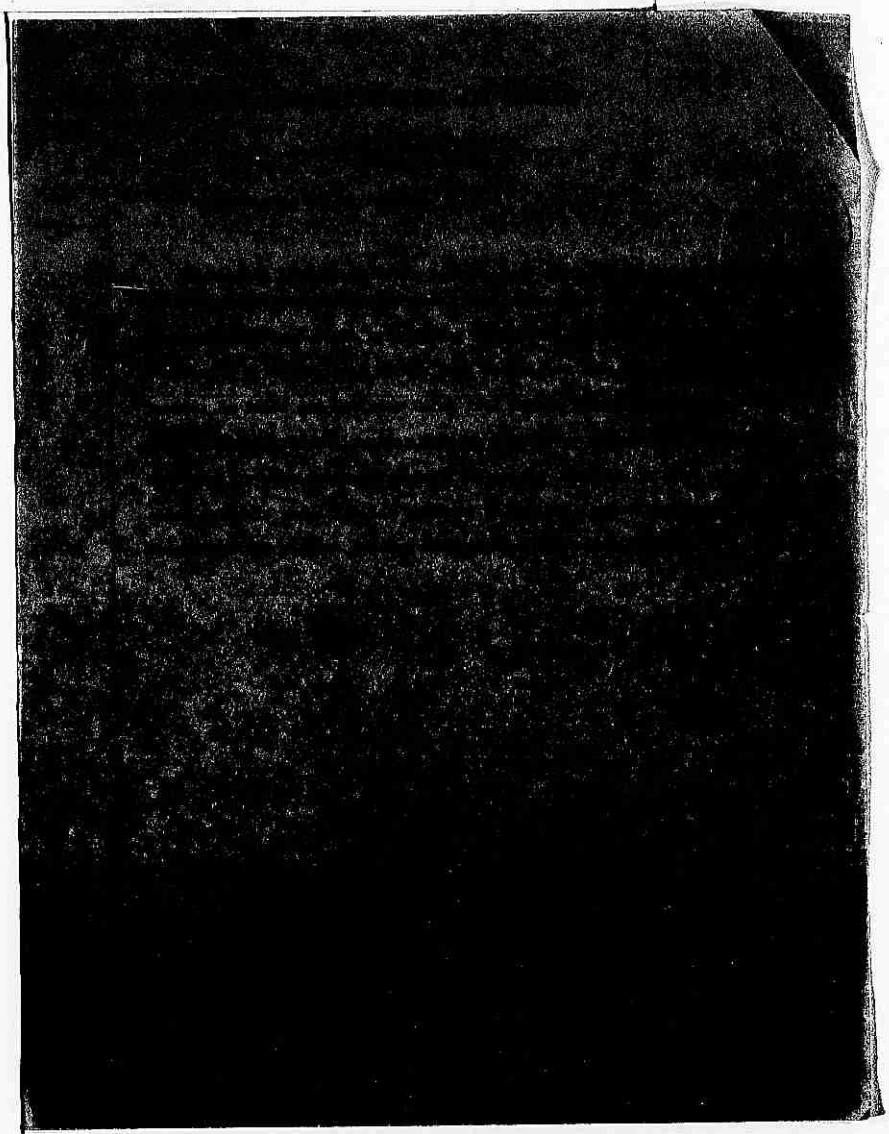
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Control: 12546

Rec'd: October 16, 1962

5:11 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

INFO:

RM/R FILES

NO: 854, October 16, 11 a.m.

Reference: Department telegram 878

Information requested reference telegram being supplied Scherback orally by as much as story very complicated and answers very uncertain. Will provide fuller report as situation clarifies itself.

GORDON

JT/3

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Rio 854, 10-16-62

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DEPARTMENT OF STATE

AIRGRAM

832.2-5/10-2562

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A-463 NO. UNCLASSIFIED XR-732.13 HANDLING INDICATOR

TO : DEPARTMENT OF STATE 1962 OCT 29 PM 2 27

RSTAN
ANALYSIS & DISTRIBUTION
BRANCH

FROM : AmEmbassy, RIO DE JANEIRO DATE: October 25, 1962

SUBJECT: New Director General of the Departamento Nacional da Produção Mineral (DNPM)

REF : -

Following a wait of several months a new Director General of the National Department of Mines (DNPM) was named by the Minister of Mines and Energy, Eliezer Batista. This position has been vacant since the resignation of the former incumbent, Sylvio Barbosa, who resigned late August, 1962. Sr. Fernando Lacourt, engineer and functionary in the DNPM was installed in his new position by Sr. Batista in a quiet ceremony held on October 22 at which Sr. Celso Resende Passos, sub-secretary in the Ministry of Mines and Energy, was present. Sr. Passos, son of the late Gabriel Passos, previous Mines and Energy Minister, will act for Sr. Batista who departed the same day for an extended tour of European countries, including West Germany, France, Austria, Belgium and Luxemburg. Batista's mission purportedly is to stimulate the exportation of iron ore from the Cia. Vale do Rio Doce, the government-owned iron ore mining and exporting firm.

For the Ambassador:

Alfred L. Ransome
Minerals Attaché

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FORM DS-323 4-62

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Drafted by: ECON:ALRansome:dh

Contents and Classification Approved by: Robert Eakens

Clearances:

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ORIGINATION

DEPARTMENT OF STATE

AIRGRAM

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ARA 3	EUR	FE
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INT 7	LAB 16	TAR 2
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ARMY 6	CIA 10	NAVY 5
OSD 12	USIA 8	NSA 5

AMB
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A-494 — OFFICIAL USE ONLY — HANDLING INDICATOR

TO : DEPARTMENT OF STATE

FROM : AmEmbassy RIO DE JANEIRO DATE: October 31, 1962

SUBJECT: BROADER APPLICATION OF GOVERNMENT'S POWER TO INTERVENE IN THE ECONOMY AUTHORIZED.

REF :

I - INTRODUCTION

Under authority granted by Legislative Decree No. 9 of August 27, 1962, giving the Executive branch power to "extend and alter current legislation pertaining to intervention in the economic domain" the Federal Government has proceeded to enact a series of "Delegated Laws" the net effect of which will be to greatly enhance the Government's control over the economy. The principle objective of these delegated laws is to provide the government with the necessary means of "assuring the free distribution of essential goods and services to the consumer."

The Federal Government has always had the authority to intervene in various phases of economic life and these new delegated laws do not enlarge that authority. What is new, however, is the provision for the establishment of four (4) new government-dominated corporations (autarquias) to carry out this intervention. Once these autarquias are established and functioning, the government will, for the first time, have the tools for carrying out the intervention it has long been authorized to do.

II - SUNAB - The Coordinating Body.

The central organ of the new establishment is called the Superintendência Nacional do Abastecimento (National Supply Superintendency) or SUNAB. SUNAB is itself set-up as a Fed-

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Drafted by: JKrizay:anc

Contents and Classification Approved by: Robert Eakens

Clearances: RVKorp

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eral autarquia supported by annual budgetary appropriations plus such special credits as the executive branch may wish to open under its authority to incur expenditures not appropriated for.

In SUNAB will be concentrated practically all of the interventionary powers previously scattered about various ministries and federal agencies. For example, it will be empowered to:

a) Carry out the maintenance of stocks to regulate the market.
b) Discipline transportation and distribution services.
c) Fix prices (both ceiling and minimum)
d) Fix supply quotas when necessary of agriculture and fishing products considered essential to food processing industries.
e) Set export quotas.
f) Establish regulation of warehouses and public sales rooms.

The main mission of SUNAB will be to carry out the national plan for the supply of essential products and to execute delegated law No. 4. Under the authority provided for in this law, SUNAB is authorized to intervene in almost every phase of the economy in the pursuit of its objectives. It may purchase for the purpose of warehousing distribution or sale: foodstuffs, livestock, fish and fowl, popular shoes and clothing, medicines, farm machinery, trucks, jeeps, tractors, barbed wire, ordinary wire, cement and sheet metal. It may also expropriate any goods and services necessary to carry out its objectives.

SUNAB itself will be less of an operating organ than a policy-making and coordinating body. It will replace (absorbing the personnel) a host of control agencies such as the infamous COFAP, the Consultative Committee on Wheat and a number of scarcely known organs. It will also have technical supervisory control over such organizations as the Sugar and Alcohol Institute and the Brazilian Salt Institute (though not the Coffee Institute).

III- INTERVENTION TO BE CARRIED OUT BY THREE (3) NEW AUTARQUIAS.

For the actual execution of the delegated laws, however, there has been established, also by delegated law, one autarquia under SUNAB and authority has been granted SUNAB to establish two more. The autarquia already established is the Comissão de Financiamento da Produção (CFP) which already existed as an independent body. Its function will be (as it has been) to carry out the federal price support program. However, in becoming an autarquia, its resources will be substantially enlarged. It is now guaranteed a budgetary

0169

W I T H D R A W A L N O T I C E

RG: 059

ENTRY: CDF60-63

TAB #: 4

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Document Date: 05/11/62

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AGRAM A-505 FR RIO DE JANEIRO TO STATE

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DEPARTMENT OF STATE

AIRGRAM

832.10/11-2362
XR 732.13
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A-588 NO. CONFIDENTIAL HANDLING INDICATOR

TO : DEPARTMENT OF STATE

FROM : AmEmbassy ; Rio de Janeiro DATE: November 23, 1962

SUBJECT : Finance Minister Calmon's Ideas on Various Financial Matters

REF : CERP D-12

In a conversation which Ambassador Gordon and the reporting officer had with Finance Minister Miguel Calmon on November 12, the following points, which have not been otherwise reported, came up:

1. Monetary Reform

The Finance Minister indicated that he was convinced that the operations of the Bank of Brazil could not be brought under the control of the Finance Minister and of SUMOC without structural reform of the Bank. For this reason, he was ready to recommend to President Goulart that the structure of the Bank of Brazil should be changed at an early meeting of the Bank's assembly of stockholders. The Minister has in mind separating the Bank of Brazil into two sections, a Monetary Section and a Banking Section, each with separate balance sheets. The Monetary Section would take in the central banking functions of the Bank of Brazil and would be comprised of the following departments of the Bank of Brazil:

(a) The Rediscount Department
(b) The Foreign Trade Department (CACEX)
(c) The Bank Loan Department
(d) The Foreign Exchange Policy Formulation Function and the Foreign Exchange Inspection Function (FIBAN) now lodged in the Foreign Exchange Department.

All of these departments and staffs would retain their individual directors and managers but would all be responsible to a new Vice President of the Bank of Brazil who would be the same person as the Executive Director of SUMOC. The Banking Section of the Bank of Brazil would take in the remaining departments of the Bank.

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FORM DS-323 4-62

Drafted by: RJKopp/bc
Clearances:
Contents and Classification Approved by:

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Finance Minister Calmon stated that he thought this kind of administrative reform, which would take place wholly within the present structure of the Bank of Brazil, could be done without legislative authority by a simple decision of the Bank of Brazil stockholders among whom the Minister of Finance, as a representative of the Brazilian Government, has a controlling voice.

2. Tax Reform

According to the Finance Minister, he is submitting his new tax revenue measure to the present Congress as simply a stop-gap action designed to improve the Treasury's cash prospects for next year. He is far from satisfied with it and believes that Brazil needs a thorough-going reform of both tax legislation and of administrative procedures for collecting taxes. In order to help bring about a long-range tax reform, he has begun negotiations with the Getulio Vargas Foundation looking forward toward a contract between the government and the foundation. Under this contract the Getulio Vargas Foundation would be charged with recommending a comprehensive revision of the Brazilian tax code and of tax administration and would be empowered to call upon experts from all over the world to help in developing these recommendations. The implication seemed to be there that the Minister felt that the Getulio Vargas Foundation could, in this connection, call upon substantial assistance from the U.S. in this task.

3. Exchange Policy

The Minister expressed himself as favoring a free exchange market. For the present, he felt that the exchange rate being maintained by the Bank of Brazil and by commercial banks was not far from a realistic rate, although it would of course have to be adjusted as inflation continued. He reported that his soundings had indicated that the 20 cruzeiro premium (Boneco) which was frequently paid "under the counter" was a fee being exacted by the official exchange brokers. Thought was being given to adjusting the exchange rate by 20 cruzeiros, to increasing the authorized remuneration of the brokers and to making clear to the brokers that exceeding the authorized fee would imply loss of brokers licenses.

In this connection, it is of interest that Octavio Bulhões, Executive Director of SUMOC, told the reporting officer a few days ago that he no longer saw any great political difficulties in having a free exchange rate, as long as Brazil could be assured of some line of credit or reserves to draw on in order to prevent wide speculative fluctuations in the rate. He saw no difficulty in making firm commitment in any financial negotiations with the IMF, for example, about freeing the rate at the same time as outside resources became available.

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732.13/11-26-62

INCOMING TELEGRAM *Department of State*

RIO DE JANEIRO 1028

47-48
Action
SS
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SECRET

Control: 9886
Rec'd: November 26, 1962
11:08 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1028, November 26, 8 p.m.

NIACT.

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POLICY.

Department telegram 1180.

1. Am checking Goulart calendar to arrange meeting either here or Brasilia prior my departure. Anticipate little difficulty confirming Dantas authority. Understand Bernardes drafting Goulart-Kennedy letter describing mission. Expect see Dantas Tuesday before he goes Brasilia for rest of week, and will probably go there myself Friday to get feel situation there before leaving.

2. Re pre-departure achievements, Calmon telephoned Saturday to say he thought tax bill would pass Chamber this Tuesday and Senate Wednesday. Strong effort being made to avoid constitutional doubts by passing before budget adoption November 30. I have learned to keep fingers crossed on such matters until action completed. On ITT, Dantas reviving idea of loan with repayment tied to judicial settlement Rio Grande Sul, which still acceptable to company. On Krieger amendment to profits bill, Dantas now apparently feels Chamber unlikely accept as stands and is working on new formula which is supposed to have same effects. I intend press heavily on this, since Goulart was personally committed work for amendment. Will of course make argument that we cannot fill hole left by frightening away private investment and that private investment can do many

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0173

things public finds cannot. If you see Campos again this week, please press there also.

3. Re paragraph 3 reference telegram, my concept is certainly not a finished negotiation of May 1961 type, which Dantas himself envisages for January or February rather than now. I do feel it very useful and desirable, however, for us to be prepared indicate, with at least rough magnitudes, elements of financial package that might be put together if GOB performance and other actions warrant and under given assumptions as to IMF and European support. Such indications would be on lines Draper report illustration. This would have advantage of dispelling myths in some minds here about solutions through debt consolidation and capital goods import financing, would demonstrate indispensable role of IMF and Europeans and of private investment, and yet show that through genuine cooperation with US total from all outside sources could be available to provide necessary support for true program of development plus stabilization. Our willingness describe potential contingent aid would also provide key element for U.S. record against recriminations in case of failure reach satisfactory agreement on stabilization with GOB early next year. We should not make any commitments now, except possibly some small tiding over the December-January hump. Moreover, if large-scale program negotiated, I would insist on principle of parallel implementation of Brazilian commitments, or in appropriate cases prior implementation, before funds released.

4. If situation continues deteriorate, believe we likely be denounced on many grounds including political pressure and intimidation even without confrontation. While latter might add some substance to charges, it also to my mind probably represents last chance bring about reversal in situation. It would also tend put heart into Brazilian elements like ourselves alarmed at present course of events.

5. Believe Dantas visit useful whatever USG decides on confrontation question. US is obviously reviewing its Brazilian policy now.

Hearing what

0174

SECRET

-3- 1028, November 26, 8 p.m. from Rio de Janeiro

Hearing what Dantas has to say on GOB financial program would be both useful and natural in this connection. By receiving Dantas we would be showing that we were prepared to give serious consideration to GOB suggestions.

6. Believe Dantas should not be used as principal or sole channel for expression our concern internal and external political trends, since his account of proceedings might be distorted. However, if financial talks develop as described in paragraph 3, would be advisable give Dantas general indication US-Brazilian political relations are under review and financial assistance will ultimately be subject results such review. Would also seem useful raise in detail with Dantas political problems directly connected with economic and financial relations, e. g. difficulty working with SUDENE and BNDE, expropriation problems, and private investment situation (unless profit remittance question satisfactorily resolved in next few days). In talk with Secretary, review Cuban, OAS, and disarmament policies would be natural sequence to April talks.

7. I would prefer 2 full days in Department before Dantas comes, and am recommending that he not arrive Washington until Thursday, December 6. Chances appointments for Dantas with President and Secretary being valuable sufficiently good at least to warrant reserving space their schedules.

GORDON

SJR
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0175

INCOMING TELEGRAM *Department of State*

ACTION COPY

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47-48

Action SS

Info

SECRET

Control: 9886
Rec'd: November 26, 1962
11:08 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1028, November 26, 8 p.m.

NIACT.

LIMIT DISTRIBUTION S/S.

POLICY.

Department telegram 1180. 033.32H 11-2662

1. Am checking Goulart calendar to arrange meeting either here or Brasilia prior my departure. Anticipate little difficulty confirming Dantas authority. Understand Bernardes drafting Goulart-Kennedy letter describing mission. Expect see Dantas Tuesday before he goes Brasilia for rest of week, and will probably go there myself Friday to get feel situation there before leaving.

2. Re pre-departure achievements, Calmon telephoned Saturday to say he thought tax bill would pass Chamber this Tuesday and Senate Wednesday. Strong effort being made to avoid constitutional doubts by passing before budget adoption November 30. I have learned to keep fingers crossed on such matters until action completed. On ITT, Dantas reviving idea of loan with repayment tied to judicial settlement Rio Grande Sul, which still acceptable to company. On Krieger amendment to profits bill, Dantas now apparently feels Chamber unlikely accept as stands and is working on new formula which is supposed to have same effects. I intend press heavily on this, since Goulart was personally committed work for amendment. Will of course make argument that we cannot fill hole left by frightening away private investment and that private investment can do many

032.13/11-2662

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ACTION ASSIGNED TO: NAME OF OFFICER & OFFICE SYMBOL	ACTION TAKEN: DATE OF ACTION	DIRECTIONS TO RM/R

0176

SECRET

-2- 1028, November 26, 8 p.m. from Rio de Janeiro

things public finds cannot. If you see Campos again this week, please press there also.

3. Re paragraph 3 reference telegram, my concept is certainly not a finished negotiation of May 1961 type, which Dantas himself envisages for January or February rather than now. I do feel it very useful and desirable, however, for us to be prepared indicate, with at least rough magnitudes, elements of financial package that might be put together if GOB performance and other actions warrant and under given assumptions as to IMF and European support. Such indications would be on lines Draper report illustration. This would have advantage of dispelling myths in some minds here about solutions through debt consolidation and capital goods import financing, would demonstrate indispensable role of IMF and Europeans and of private investment, and yet show that through genuine cooperation with US total from all outside sources could be available to provide necessary support for true program of development plus stabilization. Our willingness describe potential contingent aid would also provide key element for U.S. record against recriminations in case of failure reach satisfactory agreement on stabilization with GOB early next year. We should not make any commitments now, except possibly some small tiding over the December January hump. Moreover, if large-scale program negotiated, I would insist on principle of parallel implementation of Brazilian commitments, or in appropriate cases prior implementation, before funds released.

4. If situation continues deteriorate, believe we likely be denounced on many grounds including political pressure and intimidation even without confrontation. While latter might add some substance to charges, it also to my mind probably represents last chance bring about reversal in situation. It would also tend put heart into Brazilian elements like ourselves alarmed at present course of events.

5. Believe Dantas visit useful whatever USG decides on confrontation question. US is obviously reviewing its Brazilian policy now.

Hearing what

SECRET

0177

SECRET

-3- 1028, November 26, 8 p.m. from Rio de Janeiro

Hearing what Dantas has to say on GOB financial program would be both useful and natural in this connection. By receiving Dantas we would be showing that we were prepared to give serious consideration to GOB suggestions.

6. Believe Dantas should not be used as principal or sole channel for expression our concern internal and external political trends, since his account of proceedings might be distorted. However, if financial talks develop as described in paragraph 3, would be advisable give Dantas general indication US-Brazilian political relations are under review and financial assistance will ultimately be subject results such review. Would also seem useful raise in detail with Dantas political problems directly connected with economic and financial relations, e. g. difficulty working with SUDENE and BNDE, expropriation problems, and private investment situation (unless profit remittance question satisfactorily resolved in next few days). In talk with Secretary, review Cuban, OAS, and disarmament policies would be natural sequence to April talks.

7. I would prefer 2 full days in Department before Dantas comes, and am recommending that he not arrive Washington until Thursday, December 6. Chances appointments for Dantas with President and Secretary being valuable sufficiently good at least to warrant reserving space their schedules.

GORDON

SJR
Advance copies to S/SO

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0178

ACTION COPY

INCOMING TELEGRAM *Department of State* PERMANENT RECORD COPY

54-L
Action
SS

SECRET

Control: 11042
Rec'd: November 28, 1962
5:46 p.m.

Info

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1046, November 28, 5 p.m. (SECTION ONE OF TWO)

PRIORITY

LIMIT DISTRIBUTION S/S

POLICY

1. Confirming my TELECON Martin Tuesday night, Dantas mission postponed until mid-January. Press release states reasons are additional required time Furtado complete planning exercise which is part of necessary basis for useful financial talks. Dantas told me privately that additional reason was his desire have ITT case settled, plus desire be certain he would be speaking with full governmental authority. Expects nomination as Finance Minister about January 10, and would come to Washington promptly thereafter.

2. On ITT, Dantas said he had become convinced prompt settlement through Berenhauser Commission process not feasible, in view effort Commission develop general criteria and tendency complicate rather than simplify. He therefore had reverted to idea Bank of Brazil loan, with exchange letters between Bank and Standard Electric committing Bank to waive repayments until Rio Grande expropriation case settled. Said he had persuaded both Hermes Lima and Goulart wisdom this course Tuesday, and was authorized bring negotiation to rapid conclusion. On Wednesday morning conversation, Goulart explicitly confirmed this plan. I have so informed Forner of ITT.

3. I had requested appointment with Goulart prior his departure for Brasilia Wednesday afternoon to cover various points. We

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ACTION ASSIGNED TO-	ACTION TAKEN	SECRET
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

E.O. 12356, Sec. 3.3
NLS 11-28-12

0179

SECRET

-2- 1046, November 28, 5 p.m. (SECTION ONE OF TWO) from Rio de Janeiro

met Wednesday morning. Delivered Kennedy letter DEPTEL 957. Said I thought postponement Dantas mission not unwise, since Dantas would be speaking from weak base if he went now. Said I was going anyway, as previously planned, for normal periodic consultation. Said I expected encounter climate considerable misgivings Brazilian developments and prospects. Reasons included general feeling governmental weakness, despite Goulart's statements to me in September about "de facto presidentialism," together with various specific issues.

4. I then took up profits bill and Krieger Amendment, pointing out fall in net private investment from 170 million last year to 70 million this year and probably even less next year. Said US public funds could not fill this gap, and new private investment badly needed for Brazilian development in any case. Emphasized this more problem of new investors than protection of old. Also reviewed history Goulart's personal commitment to support Krieger amendment when he decided not to veto articles 31 to 33. Goulart replied he had been taking Congressional soundings, and saw no real prospect action this congress. Said PTB deputies committed to bill as it stands, and that if he arranged their abstention there would not be quorum for voting. Also said UDN party manifesto of (#) to endorse bill as it stands. (I understood this to endorse simply some form profits legislation, and consider Goulart interpretation strained.) In any event, with budget voted by Friday, bulk Congress would not come back to Brasilia and he saw no prospects for any type further legislation this year. With respect new Congress, he thought chances might be much better, since over half members not personally committed to present law. He asserted Germans and other non-Americans not so concerned as US.

I replied this not true and suggested he consult Ambassadors. (Have concerted with UK and German Ambassadors who are dispelling this myth.)

SECRET

SECRET

-3- 1046, November 28, 5 p.m. (SECTION ONE OF TWO) from Rio de Janeiro

5. Tax bill was voted by chamber Tuesday night and is still expected to pass Senate probably today (#) then took up question Polish helicopters, saying this would create great concern in Washington. Even though helicopters not arms, this would be first CASC acquisition military materiel from communist sources and would certainly create difficulties in considering such requests as C-130S.

GORDON

LER/14

(#) Omission, correction to follow.

NOTE: Advance copies SS 11/28/CWO-L

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INCOMING TELEGRAM *Department of State* PERMANENT RECORD COPY

57-L
Action
SS

SECRET

Control: 11064
Rec'd: November 28, 1962
6:33 PM

Info

FROM: Rio de Janeiro

001

TO: Secretary of State

NO: 1046, November 28, 5 PM (SECTION TWO OF TWO)

PRIORITY

LIMIT DISTRIBUTION S/S

POLICY

Also said air force had never requested helicopters from us under MAP. I went on to raise general question discriminatory effects bilateral trade agreements with Iron Curtain countries, pointing to failure to divert electric generator imports from Japanese and American low bidders to Czechoslovakia and Poland, simply because coffee had been sold in East Europe and Communist countries apparently could not find commercial markets for anything to balance trade. Said we understood Brazilian desire to sell surplus coffee, but they should get in return either commercial imports or convertible currencies. Warned that discrimination against American exporters as result bilateral agreements was bound create pressure for retaliation by US, that we largest buyer Brazilian coffee with no tariffs or excise taxes, and that idea might arise shifting purchases to countries not discriminating against us. Emphasized our vigorous efforts to get world coffee agreement, and present discussions looking toward cocoa agreement, which not to our interests as consumers but in broader interest free world and healthy international economy. Goulart did not reply directly on helicopter question, but said need for additional markets required some efforts to sell excess Brazilian products even though Communist Bloc trade quite marginal in relation to world trade. Claimed to recognize

/benefits

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ACTION ASSIGNED TO	ACTION TAKEN	
NAME OF OFFICER • OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

0182

SECRET

-2- 1046, November 28, 5 PM (SECTION TWO OF TWO), From: Rio de Janeiro

benefits concentrating trade with US not only on economic but also on political grounds. He cited Campos-May letter on terms of trade, and I replied fault lay in world over-production coffee and cocoa and failure GOB to promote exports iron ore and ekat* where world demand strong.

7. Regarding Soviet Bloc aid, Goulart repeated that he had so far opposed submitting projects to Bloc, although repeatedly receiving requests for big power or other projects which Soviets might finance on basis similar Aswan Dam in Egypt. On alternative to financial deal with US, he took much milder tack than November 16, possibly because of Tuesday newspaper story saying GOB was threatening denunciation of US if financial negotiations failed. This time he said that if no reasonable deal possible, our relations would of course continue cordial and GOB certainly has no intention to blackmail. I remarked that blarskfaksnabe* would be quite dangerous, that we had not yielded to Soviet blackmail and would certainly have no disposition to yield to Brazilian blackmail. This was said with smiles on both sides, but I believe point was understood.

8. Goulart closed conversation by saying he was thinking of letter to President Kennedy, which he would try prepare in time for me carry Monday. Hoped I would present candid report on situation, including the many "Brazilian difficulties."

GORDON

CC-17

*As received.

NOTE: Advance copies SS 11/28/CWO-L

SECRET



INCOMING TELEGRAM

CONTROL: 1104 ACTION COPY
CORRECTION [redacted] PERMANENT RECORD COPY
10:10 AM REE

SECRET

39-M
SS

-2- 1046, November 28, 5 p.m. (SECTION ONE OF TWO) from Rio de Janeiro - CORRECTED PAGES 2 and 3.

DEPT OF STATE
DEC 3 1962

met Wednesday morning. Delivered Kennedy letter DEPTEL 957. Said I thought postponement Dantas mission not unwise, since Dantas would be speaking from weak base if he went now. Said I was going anyway, as previously planned, for normal periodic consultation. Said I expected encounter climate considerable misgivings Brazilian developments and prospects. Reasons included general feeling governmental weakness, despite Goulart's statements to me in September about "de facto presidentialism," together with various specific issues.

4. I then took up profits bill and Krieger Amendment, pointing out fall in net private investment from 170 million last year to 70 million this year and probably even less next year. Said US public funds could not fill this gap, and new private investment badly needed for Brazilian development in any case. Emphasized this more problem of new investors than protection of old. Also reviewed history Goulart's personal commitment to support Krieger amendment when he decided not to veto articles 31 to 33. Goulart replied he had been taking Congressional soundings, and saw no real prospect action this congress. Said PTB deputies committed to bill as it stands, and that if he arranged their abstention there would not be quorum for voting. Also said UDN party manifesto of Monday appeared to endorse bill as it stands.) (I understood this to endorse simply some form profits legislation, and consider Goulart interpretation strained.) In any event, with budget voted by Friday, bulk Congress would not come back to Brasilia and he saw no prospects for any type further legislation this year. With respect new Congress, he thought chances might be much better, since over half members not personally committed to present law. He remarked Germans and other non-Americans not so concerned as US.

I replied this not true and suggested he consult Ambassadors. (Have concerted with UK and German Ambassadors who are dispelling this myth.)

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ACTION ASSIGNED TO	ACTION TAKEN	
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R



SECRET

-3- 1046, November 28, 5 p.m. (SECTION ONE OF TWO) from Rio de Janeiro.

5. Tax bill was voted by chamber Tuesday night and is still expected to pass Senate probably today Wednesday. Details will be reported separately.

6. I then took up question Polish helicopters, saying this would create great concern in Washington. Even though helicopters not arms, this would be first CASC acquisition military materiel from Communist sources and would certainly create difficulties in considering such requests as C-130S.

GORDON

LTR/14

NOTE: Advance copies SS 11/28/CWO-L

SECRET

0185

732.13/11-28-62

INCOMING TELEGRAM *Department of State*

RIO DE JANEIRO 1046

54-L
Action SS 47

SECRET

Control: 11042
Rec'd: November 28, 1962
5:46 p.m.

Info

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1046, November 28, 5 p.m. (SECTION ONE OF TWO)

PRIORITY

LIMIT DISTRIBUTION S/S

POLICY

1. Confirming my TELECON Martin Tuesday night, Dantas mission postponed until mid-January. Press release states reasons are additional required time Furtado complete planning exercise which is part of necessary basis for useful financial talks. Dantas told me privately that additional reason was his desire have ITT case settled, plus desire be certain he would be speaking with full governmental authority. Expects nomination as Finance Minister about January 10, and would come to Washington promptly thereafter.

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(1) 3. I had requested appointment with Goulart prior his departure for Brasilia Wednesday afternoon to cover various points. We

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0186

SECRET

-2- 1046, November 28, 5 p.m. (SECTION ONE OF TWO) from Rio de Janeiro

met Wednesday morning. Delivered Kennedy letter DEPTEL 957. Said I thought postponement Dantas mission not unwise, since Dantas would be speaking from weak base if he went now. Said I was going anyway, as previously planned, for normal periodic consultation. Said I expected encounter climate considerable misgivings Brazilian developments and prospects. Reasons included general feeling governmental weakness, despite Goulart's statements to me in September about "de facto presidentialism," together with various specific issues.

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I replied this not true and suggested he consult Ambassadors. (Have concerted with UK and German Ambassadors who are dispelling this myth.)

SECRET



SECRET

-3- 1046, November 28, 5 p.m. (SECTION ONE OF TWO) from Rio de Janeiro

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GORDON

LTR/14

(#) Omission, correction to follow.

NOTE: Advance copies SS 11/28/CWO-L

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INCOMING TELEGRAM *Department of State*

SECRET

57-L
Action
SS

Control: 11064
Rec'd: November 28, 1962
6:33 PM

Info

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1046, November 28, 5 PM (SECTION TWO OF TWO)

PRIORITY

LIMIT DISTRIBUTION S/S

POLICY

Also said air force had never requested helicopters from us under MAP. I went on to raise general question discriminatory effects bilateral trade agreements with Iron Curtain countries, pointing to failure to divert electric generator imports from Japanese and American low bidders to Czechoslovakia and Poland, simply because coffee had been sold in East Europe and Communist countries apparently could not find commercial markets for anything to balance trade. Said we understood Brazilian desire to sell surplus coffee, but they should get in return either commercial imports or convertible currencies. Warned that discrimination against American exporters as result bilateral agreements was bound create pressure for retaliation by US, that we largest buyer Brazilian coffee with no tariffs or excise taxes, and that idea might arise shifting purchases to countries not discriminating against us. Emphasized our vigorous efforts to get world coffee agreement, and present discussions looking toward cocoa agreement, which not to our interests as consumers but in broader interest free world and healthy international economy. Goulart did not reply directly on helicopter question, but said need for additional markets required some efforts to sell excess Brazilian products even though Communist Bloc trade quite marginal in relation to world trade. Claimed to recognize

/benefits

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0189

SECRET

-2- 1046, November 28, 5 PM (SECTION TWO OF TWO), From: Rio de Janeiro

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7. Regarding Soviet Bloc aid, Goulart repeated that he had so far opposed submitting projects to Bloc, although repeatedly receiving requests for big power or other projects which Soviets might finance on basis similar Aswan Dam in Egypt. On alternative to financial deal with US, he took much milder tack than November 16, possibly because of Tuesday newspaper story saying GOB was threatening denunciation of US if financial negotiations failed. This time he said that if no reasonable deal possible, our relations would of course continue cordial and GOB certainly has no intention to blackmail. I remarked that blarskfaksnabe* would be quite dangerous, that we had not yielded to Soviet blackmail and would certainly have no disposition to yield to Brazilian blackmail. This was said with smiles on both sides, but I believe point was understood.

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GORDON

CC-17

*As received.

NOTE: Advance copies SS 11/28/CWO-L

SECRET

0190

INCOMING
TELEGRAM

CONTROL: 11042
CORRECTION ISSUED: 11/29/62
10:10 AM REE

SECRET

39-M
SS

-2- 1046, November 28, 5 p.m. (SECTION ONE OF TWO) from Rio de Janeiro - CORRECTED PAGES 2 and 3.

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SECRET

0191

SECRET

-3- 1046, November 28, 5 p.m. (SECTION ONE OF TWO) from Rio de Janeiro.

5. Tax bill was voted by chamber Tuesday night and is still expected to pass Senate probably today Wednesday. Details will be reported separately.

6. I then took up question Polish helicopters, saying this would create great concern in Washington. Even though helicopters not arms, this would be first CASC acquisition military materiel from Communist sources and would certainly create difficulties in considering such requests as C-130S.

GORDON

LTR/14

NOTE: Advance copies SS 11/28/CWO-L

SECRET

0192

ORIGIN/ACTION: ARA-4

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DEPARTMENT OF STATE

AIRGRAM

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A-175. NO.

CONFIDENTIAL HANDLING INDICATOR

TO : American Embassy, RIO DE JANEIRO

DATE: Dec 3 11 22 AM '62

FROM : DEPARTMENT OF STATE

SUBJECT : Status of Provisional Cabinet Under Capanema Law

REF :

Reference is made to recent press reports President Goulart unwilling submit Prime Minister's name to Congress for approval because of doubts there is majority in Congress favoring him. Capanema law reportedly authorized and required President in case of resignation of Council Ministers and in absence of Congressional quorum to nominate Provisional Council until such time as permanent Council formed within legal precepts of parliamentary system (EMBTELS 576 and 583).

Department has following questions to which answers not available here in absence text Capanema law:

(1) Can Cabinet continue indefinitely with provisional status?

(2) Can a Congressional quorum force issue or does initiative lie with President?

(3) Is duration of provisional cabinet connected with (a) January 6 plebiscite, (b) expiration of existing Congress, or (c) accession of new Congress?

Request Embassy also pouch text Capanema law.

RUSK

Authenticated by RM/T

CONFIDENTIAL

FOR DEPT. USE ONLY

☐ In ☐ Out

FORM DS-323

Drafted by: ARA:EST:RHellman:ed 11/29/62

Contents and Classification Approved by: ARA - Mr. Martin

Clearances: EST/B RAB

Rio 175

0193

32

INCOMING TELEGRAM *Department of State*

ACTION COPY
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46 CONFIDENTIAL
Action
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Control: 2600
Rec'd: December 6, 1962
1:26 a.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1085, December 5, 8 p.m.

PRIORITY

Embassy Telegram 1083

In press interview held December 4 Prime Minister announced dismissal Labor Minister Pinheiro and replacement by Benjamin Eurico Cruz, currently Director National Department of Labor within Labor Ministry. Emphasized decision his own responsibility.

According CORREIO DA MANHA, some hours prior announcement dismissal of Pinheiro, President Goulart made it clear he agreed with "youthful and hard-working Minister". Again, President and Prime Minister managing play both sides.

CGT and CNTI have publicly blamed "IMF-imposed" policies for Brazil's economic and financial ills and declared solidarity with Pinheiro, calling for mass meeting at 1800 December 5. Strike threats not repeated and labor not likely go to battle over issue.

Cruz career lawyer Labor Department. In recent talk with Labor Attache who had raised issue Communist influence Brazilian Unions, he stated he not politician and did not understand politics. This convenient cover. He is believed to be non-Communist but unwilling oppose them and President. He played key role Communist breakup Democratic National Federation Street Car Employees (A-586 November 23). Weak person, will be tool of President if he accepts position.

(2)

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ACTION ASSIGNED TO:	ACTION TAKEN	DIRECTIONS TO RM/R
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	

FX4 ESTB — Rich Wells ESTB — 12/4/62

Rio 1083

732.13/12-562

XR 832.062

0194

CONFIDENTIAL

-2- 1085, December 5, 8 p.m., from Rio de Janeiro

After informed dismissal Pinheiro apparently counterattacked. Quoted by press as having criticized SUMOC 204, Campos, Bulhoes and made strong criticism AFP aid which he said not attacking fundamental problems of industrial development and increase in production, but only alleviating temporarily such problems water, housing, powdered milk, etc.

BOND

CJ/1

CONFIDENTIAL

0195

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INCOMING TELEGRAM *Department of State* ACTION COPY PERMANENT RECORD COPY

CONFIDENTIAL

47
Action

Control: 2483
Rec'd: JANUARY 5, 1963
12:56 A.M.

ARA
Info

FROM: RIO DE JANEIRO

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E
AID
P
USIA
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CIA
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ARMY
AN VY
AIR
COM
CEA
TRSY

TO: Secretary of State

NO: 1261, JANUARY 4, 8 P.M.

AT LUNCHEON TODAY, DANTAS CONFIRMED GOULART'S INVITATION TO HIM TO BECOME FOREIGN MINISTER AGAIN, WITH ENLARGING ROLE TO INCLUDE FOREIGN TRADE, PARTICIPATION IN FOREIGN FINANCIAL NEGOTIATIONS, AND ALLIANCE FOR PROGRESS. ALSO CONFIRMED INVITATION TO CARVALHO PINTO TO BECOME FINANCE MINISTER. LATTER HAS NOT YET DEFINITELY ACCEPTED, BUT IS SUPPOSED TO BE FAVORABLY INCLINED PROVIDED DEFINITION OF RESPONSIBILITIES SATISFACTORY. RELATIONS BETWEEN PROPOSED PLANNING MINISTRY AND FINANCE MINISTRY STILL OBSCURE, WITH MUCH JOCKEYING FOR POSITION BY CELSO FURTADO AND ASSOCIATES.

REGARDING GOULART DECLARATION TO NEW YORK TIMES, WHICH WAS DIRECT RESULT OF SUGGESTIONS BY CAMPOS RELAYED THROUGH DANTAS, DANTAS SAID GOULART HAD REVIEWED TEXT CAREFULLY AND MADE SEVERAL ALTERATIONS IN OWN HAND. GLOBO PUBLISHED FULL TEXT THURSDAY EVENING. WHILE THESE ARE ONLY SMALL STRAWS IN WIND, THEY AT LEAST INDICATE SOME READINESS GOULART'S PART TO RESIST LINE OF PTB FAR LEFT.

GORDON

CT

FILED
FEB 7 1963

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ACTION ASSIGNED TO	AMA/ESt/B	ACTION TAKEN	none	
NAME OF OFFICER & OFFICE SYMBOL	RJ Burton	DATE OF ACTION	1/31/63	DIRECTIONS TO RM/R

0196

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DEPARTMENT OF STATE

AIRGRAM

832.10/1-863
XR 732.13
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A-782
NO.

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HANDLING INDICATOR

TO : DEPARTMENT OF STATE

FROM : AmEmbassy, Rio de Janeiro

DATE: ~~January 8, 1963~~

SUBJECT : Resignation of Octavio Bulhoes

REF : CERP D-12; Embassy Telegrams 1203 and 1233

The reporting officer has had a chance to discuss with Dr. Octavio Bulhoes the reasons for the latter's recent resignation as Executive Director of SUMOC. Dr. Bulhoes indicated that he felt so strongly that the profit remittance law which SUMOC was charged with executing was a "disaster" for Brazil that he was constrained to make a public attack on this law, even though he knew that such an attack would subject him to pressures for his resignation. Bulhoes said that not only was the law a pernicious one having a bad effect on the inflow of private investment and on Brazil's ability to receive official foreign assistance, but the administrative burden of implementing the law was so severe on SUMOC that the agency was devoting a disproportionate amount of time and energy to profit remittance matters, at the sacrifice of working on higher priority problems.

Bulhoes gave the definite impression that he was not at all surprised that he had been relieved from his post and that he had at least half expected that this would happen as a consequence of his criticism of the profit remittance law. Nevertheless Bulhoes made a final comment to the effect that if the Government had been strong, it would not have found it necessary to give in to political pressures and dismiss him.

In addition to teaching duties as a professor at the University of Brazil, Dr. Bulhoes is going to assume full-time duties with the Institute of Economics of the Getulio Vargas Foundation. He is going to take over some of the duties of Dr. Alexandre Kafka who is shortly going to the U.S. (on a leave of absence from the Foundation) to become a professor at the University of Virginia.

FOR THE AMBASSADOR:
Ralph V. Lord
Ralph V. Lord
Financial Attaché

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FORM DS-323
4-62

Drafted by: RVLord/bc
Clearances: ASakens

Contents and Classification Approved by:

0197

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10:35 AM

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FROM: BRASILIA

TO: Secretary of State

NO: 32, JANUARY 22.

PRIORITY

ACTION DEPARTMENT 32, INFORMATION RIO DE JANEIRO 145.

CHAMBER OF DEPUTIES ON FIRST VOTE (TWO REQUIRED) AT 5:20 PM JANUARY 22 APPROVED SENATE'S DRAFT AMENDMENT TO CONSTITUTION REVOKING 1961 ATO ADICIONAL, WHICH ESTABLISHED PARLIAMENTARISM. VOTE WAS 260 TO NONE, WITH ONE ABSTENTION. SECOND VOTE EXPECTED SOME TIME AFTER 9:30 PM, WILL PROBABLY CONFIRM AMENDMENT.

ACCORDING CONSTITUTION, "AMENDMENT SHALL BE PROMULGATED BY OFFICERS (MESAS) CHAMBER OF DEPUTIES AND FEDERAL SENATE. PUBLISHED WITH OFFICERS SIGNATURES, SHALL BE ANNEXED, WITH PROPER SEQUENTIAL NUMBER, TO TEXT CONSTITUTION".

FOLLOWING THIS PROCESS OF PROMULGATION, WHICH PRESUMABLY WILL BE COMPLETED JANUARY 23 OR 24, PRESENT HERMES LIMA CABINET EXPECTED DECLARE ITSELF DEFUNCT AND WAY WILL BE OPEN FOR PRESIDENT GOULART TO NAME PRESIDENTIAL CABINET.

KEPPEL

BAP

Declassified/Released

BDA 344 -32

732.13/1-2263

XR 732.2

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NAME OF OFFICER & OFFICE SYMBOL R J Buston	DATE OF ACTION 1/23/63	DIRECTIONS TO RM/R file

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Rec'd: JANUARY 23, 1963
7:13 PM

Rio 1387

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FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 1387, JANUARY 23

NIACT

ACTION DEPARTMENT 1387, INFORMATION CINCARIB 29.

CINCARIB FOR POLAD

FOLLOWING LIST NEW CABINET EXPECTED BE ANNOUNCED OFFICIALLY LATER TODAY:

NEW MINISTERS:

FOREIGN AFFAIRS - RENATO ARCHER (PSD, MARANHAO)

FINANCE - SAN THIAGO DANTAS (PTB, MINAS GERAIS)

LABOR - ALMINO AFONSO (PTB, AMAZONAS)

INDUSTRY AND COMMERCE - ANTONIO BALBINO (PSD, BAHIA)

EDUCATION - TEOTONIO MONTEIRO DE BARROS(PSP, SAO PAULO)

HEALTH - PAULO PINHEIRO CHAGAS (PSD, MINAS GERAIS)

AGRICULTURE - JOSE ERMIRIO DE MORAES (PTB, PERNAMBUCO)

HOLDOVER MINISTERS:

WAR - GENERAL AMAURY KRUEL

NAVY - ADMIRAL ARAUJO SUZANO

AIR - BRIGADIER

732.13/1-2363

FILED
FEB 7 1963

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ACTION ASSIGNED TO: ARA/P-LEC/B	ACTION TAKEN Urgent	
NAME OF OFFICER & OFFICE SYMBOL Hobbs R.J. Newton	DATE OF ACTION 1/31/63	DIRECTIONS TO RM/R file

GPO 930 800

0199

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-2- 1387, JANUARY 23 FROM RIO DE JANEIRO

AIR - BRIGADIER REYNALDO DE CARVALHO

JUSTICE - JOAO MANGABEIRA

TRANSPORTATION - HELIO DE ALMEDA

MINES AND ENERGY - ELIEZER BATISTA

APPOINTMENTS EVANDRO LINS E SILVA AND HOLDOVER GENERAL ALBINO SILVA AS CHIEFS CIVIL AND MILITARY HOUSEHOLDS REPECTIVELY ALSO APPEAR FIRM.

DELAY IN ANNOUNCEMENT CABINET APPARENTLY DUE FACT ERMIRIO DE HORAES HAS NOT YET ACCEPTED MINISTRY OF AGRICULTURE ALTHOUGH HE EXPECTED DO SO.

VARIOUS OTHER IMPORTANT BUT NON-CABINET APPOINTMENTS APPARENTLY STILL UNDER DISCUSSION.

GORDON

TRT/22

NOTE: Mr. Burton (WST) notified and advance copy to SSO 825 PM 1/23 EH

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Control: 14918
Rec'd: JANUARY 23, 1963
9:07 PM

INFO:
RM/R FILES

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 1391, JANUARY 23, 8 PM

PRIORITY

ACTION DEPARTMENT 1391, INFORMATION CINCARIB POLAD 3Ø

EMBTEL 1387

AMBASSADOR CAMPOS CALLED AT EMBASSY TODAY TO DISCUSS NEW CABINET REPORTED REFTEL. HE SAID PRESIDENT GOULART'S FREEDOM OF ACTION IN NAMING CABINET HAD BEEN SEVERELY LIMITED BY DEMANDS THREE PARTIES ON WHICH GOVERNMENT MUST DEPEND FOR PARLIAMENTARY SUPPORT. CAMPOS' OPINION IS THAT GOULART LARGELY SUCCESSFUL IN RESISTING EXTREMIST PRESSURES AND THAT CABINET PREDOMINANTLY CENTRIST IN ORIENTATION.

CHOICE OF NEW FOREIGN MINISTER, ACCORDING CAMPOS, RESULT OF THREE FACTORS: FIRST, INSISTENCE OF PSD ON BEING GIVEN THAT POST; SECOND, NON-ACCEPTANCE OF POST BY KUBITSCHEK TO WHOM IT FIRST OFFERED; THIRD, SOLID SUPPORT OF ARCHER BY LARGE MARANHAO PSD DELEGATION AND BY SAN THIAGO DANTAS. CAMPOS REGARDS ARCHER AS BASICALLY CONSERVATIVE BUT AMBITIOUS POLITICIAN WHO WILL BE MAINLY CONTROLLED BY DANTAS BUT ALSO SUBJECT INFLUENCE CONSERVATIVE MARANHAO SENATOR VITORINO FREIRE.

CAMPOS BELIEVES SAN THIAGO DANTAS WILL BE DOMINATING FIGURE IN NEW CABINET, BOTH BY VIRTUE HIS INTELLECTUAL PRE-EMINENCE AND BY HIS CONTROL OF FOREIGN OFFICE, THROUGH ARCHER AND BERNARDES, AS WELL AS HIS OWN KEY MINISTRY. CAMPOS ADMITS APPOINTMENT ALMINO AFONSO TO LABOR MINISTRY NOT LIKELY REASSURE EITHER ANTI-COMMUNIST ELEMENTS IN BRAZIL OR U.S. PUBLIC OPINION. HE SAID HE HAD DISCUSSED

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RIO DE JANEIRO-1391 7 37 13 CONFIDENTIAL

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-2- 1391, JANUARY 23, 8 PM, FROM RIO DE JANEIRO

HAD DISCUSSED POSSIBLE REPERCUSSIONS THIS APPOINTMENT WITH PRESIDENT, WHO HAD INSISTED THAT ONLY LEFTIST LABOR MINISTER COULD EXTRACT FROM BRAZILIAN LABOR SACRIFICES REQUIRED BY STABILIZATION EFFORT. CAMPOS, WHO CHARACTERIZES AFONSO AS "REFORMER BUT NOT REVOLUTIONARY", PROFESSES TO BE ENCOURAGED BY FACT THAT AFONSO'S GREAT AMBITION IS TO BE GOVERNOR OF SAO PAULO AND THAT IN ORDER FURTHER THAT AMBITION HE WILL BE OBLIGED GAIN CONFIDENCE CONSERVATIVE BUSINESS ELEMENTS WHO CONTROL SAO PAULO POLITICS.

WHILE PAST HISTROY JOSE ERMIRIO DE MORAES (INCLUDING HIS LAVISH FINANCIAL SUPPORT MIGUEL ARRAES CAMPAIGN IN PERNAMBUCO) NOT ENCOURAGING FROM OUR POINT OF VIEW, CAMPOS SAYS HE HAS BEEN TOLD MORAES' RECENT TRIP TO U.S. MAY HAVE CHANGED HIS VIEWS IN OUR FAVOR. IN ANY EVENT HE SAYS HE IS GOOD ADMINISTRATOR AND SHOULD BRING FRESH IDEAS TO BEAR ON BRAZIL'S AGRICULTURAL PROBLEMS (ASSUMING HE ACCEPTS AGRICULTURE MINISTRY). UNEXPECTED RETENTION JOAO MANGABEIRA IN JUSTICE MINISTRY ATTRIBUTED BY CAMPOS TO RELUCTANCE PRESIDENT DROP HIM SO SOON AFTER HAVING DROPPED SON FRANCISCO MANGABEIRA AS HEAD PETROBRAS. CAMPOS SAYS HOWEVER HE WILL BE RETAINED IN CABINET FOR NOT MORE THAN NINETY DAYS.

WHILE CELSO FURTADO NOT INCLUDED IN CABINET LIST TRANSMITTED REFTEL, CAMPOS SAYS HE WILL IN FACT CONTINUE AS MINISTER WITHOUT PORTFOLIO AT LEAST FOR TIME BEING, HIS FUTURE POSITION PRESUMABLY BEING DEPENDENT UPON REORGANIZATION MINISTERIAL STRUCTURE. IN THIS CONNECTION CAMPOS' INFORMATION IS THAT ONLY SUCH REFORM CLEARLY AGREED UPON AT PRESENT IS DIVISION PRESENT MINISTRY OF TRANSPORTATION AND PUBLIC WORKS INTO SEPARATE MINISTRIES OF TRANSPORT AND COMMUNICATIONS, WITH POST MINISTER OF COMMUNICATIONS ALREADY PROMISED TO PSD LEADER AMARAL PEIXOTO.

WITH REFERENCE

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-3- 1391, JANUARY 23, 8 PM, FROM RIO DE JANEIRO

WITH REFERENCE CARVALHO PINTO'S ABSENCE FROM CABINET, CAMPOS SAYS HE WAS OFFERED HIS CHOICE OF CABINET POSTS (THIS NOT IN ACCORD WITH INFORMATION WHICH HAS REACHED EMBASSY FROM OTHER SOURCES) BUT DECLINED IN ORDER BE FREE WAGE CAMPAIGN AGAINST GOVERNOR-ELECT ADHEMAR DE BARROS IN SAO PAULO.

IN CONCLUSION CAMPOS EXPRESSED EARNEST HOPE U.S. OFFICIAL AND PUBLIC OPINION WOULD NOT BE TOO HARD ON NEW CABINET WHICH HE BELIEVES IS BEST WHICH COULD BE EXPECTED UNDER CIRCUMSTANCES.

GORDON

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11:19 AM

Rio 1394

Action ARA
Info SS SR G SP CAP AID P USIA SSC NSC INR CIA NSA OSD ARMY NAVY AIR RMR

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 1394, JANUARY 24, 1 PM

INFO: RM/R FILES

NIACT

ACTION DEPARTMENT 1394, INFORMATION POLAD/CINCARIB 31.

EMBTELS 1387, 1391

NEW CABINET OFFICIALLY ANNOUNCED LATE LAST NIGHT SAME AS REPORTED EMBTEL 1387 WITH FOLLOWING EXCEPTIONS:

1) SUBSTITUTION HERMES LIMA FOR RENATO ARCHER AS FONMIN.

2) INCLUSION CELSO FURTADO AND AMARAL PEIXOTO AS "MINISTERS EXTRAORDINARY" FOR PLANNING MATTERS AND ADMINISTRATIVE REFORM RESPECTIVELY.

SWITCH FROM RENATO ARCHER TO HERMES LIMA APPARENTLY LAST-MINUTE CHANGE, REASONS FOR WHICH NOT YET CLEAR. IN VIEW PSD INSISTENCE ON FONOFF AS REPORTED EMBTEL 1391, PRESUME INCLUSION AMARAL PEIXOTO WAS PART OF PRICE PAID TO PSD FOR GIVING UP THAT MINISTRY.

NEW CABINET SCHEDULED BE INSTALLED THIS MORNING IN BRASILIA.

GORDON

BAP

Note: Advance copies to ARA and SS. 1/24/63 CWO-M

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732.13/1-2463

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Control: 16689

Rec'd: January 25, 1963 [illegible]
9:37 p.m.

AF

NEA

RM/R FILES

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1412, January 25

Earlier this week Chamber Judiciary Committee unanimously voted declare Krieger Amendment Profits Bill unconstitutional on grounds financial bill which must originate in Chamber.

Next step requires whole Chamber vote on Committee report. If Chamber concurs, bill dead. If does not concur, bill returns to Judiciary Committee for further report, thence other interested committees.

In likelihood present Congress takes no action, measure can be called up at next Congress on initiative any deputy. No further Senate action required.

GORDON

MEM

RIO DE JANEIRO 1412 832.10/1-2563

XR 732.13

(2)

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FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 141Ø, JANUARY 25, 8 PM

PRIORITY

ACTION DEPARTMENT 141Ø, INFORMATION POLAD CINCARIB 33.

EMBTEL 1394 732.13

WHILE WE BELIEVE IT POLITIC RESERVE CONCLUSIVE JUDGMENT ON NEW CABINET UNTIL WE HAVE OPPORTUNITY OBSERVE ITS PERFORMANCE, CERTAIN OBSERVATIONS MAY BE IN ORDER, PARTICULARLY IN LIGHT AMBASSADOR CAMPOS' COMMENTS REPORTED EMBTEL 1391.

FIRST OBSERVATION IS THAT PSD CLEARLY GOT SHORT END OF STICK. INSTEAD OF KEY MINISTRY OF FOREIGN AFFAIRS, WHICH PSD HAD APPARENTLY BEEN PROMISED, IT RECEIVED POST WITHOUT PORTFOLIO OR ANY OTHER APPURTENANCES EXCEPT WHAT PRESS DESCRIBING AS "GROTESQUE TITLE". FACT THAT PARTY LEADER AND FORMER CABINET MINISTER AMARAL PEIXOTO HIMSELF NAMED TO THIS VIRTUALLY NONEXISTENT POST HAS ONLY ADDED TO PSD HUMILIATION. AMARAL PEIXOTO HAS NOT YET ACCEPTED POST AND HAS STATED HE WILL NOT DO SO UNTIL AFTER CONSULTING PARTY. TWO PSD MINISTERS INCLUDED AMONG NEW APPOINTMENTS -- BALBINO TO INDUSTRY AND COMMERCE AND PINHEIRO CHAGAS TO HEALTH -- ARE GOULART CRONIES AND UNLIKELY REPRESENT EFFECTIVELY INTERESTS OF PSD OR CENTER.

(1) DESPITE LAST-MINUTE WITHDRAWAL HIS FRIEND RENATO ARCHER FROM FOREIGN MINISTRY, BELIEVE SAN TIAGO DANTAS STILL LIKELY BE DOMINATING INFLUENCE IN CABINET. ASSUMING HE SERIOUSLY INTENDS PRESS FORWARD WITH STABILIZATION PROGRAM, KEY TO DANTAS' EFFECTIVENESS MAY WELL BE HIS SUCCESS IN MARSHALLING SUPPORT OTHER MINISTERS, PARTICULARLY ALMINO AFONSO AND CELSO FURTADO,

RIO DE JANEIRO 1410 732.13 1-25 63

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GPO 930 500

0206

BEHIND HIS EFFORTS, AND IN RETAINING CONFIDENCE OF GOULART TO POINT WHERE LATTER WILLING SACRIFICE HIS CHERISHED "POPULARITY" TO HARSH DEMANDS OF DETERIORATING FINANCIAL AND ECONOMIC SITUATION. IF FOREGOING ASSUMPTION SERIOUS INTENT ON PART DANTAS NOT VALID, THEN OUTLOOK WILL INDEED BE GLOOMY.

WE FIND IT DIFFICULT, DESPITE CAMPOS' ATTEMPT TO FIND A SILVER LINING, TO REGARD ALMINO AFONSO APPOINTMENT TO LABOR MINISTRY AS OTHER THAN SEVERE BLOW TO HOPES OF DEMOCRATIC LABOR TO PREVENT BRAZILIAN LABOR MOVEMENT FROM FALLING FURTHER INTO COMMUNIST HANDS. AFONSO HAS IN PAST DEMONSTRATED HIMSELF TO BE FIRM FRIEND OF COMMUNISTS AND OUTSPOKEN FOE OF U.S. AND WE SHALL BELIEVE IN HIS CONVERSION ONLY WHEN WE SEE IT.

WE HAVE ONE INDIRECT CONFIRMATION OF REPORTS CITED BY CAMPOS OF CHANGE IN ATTITUDE ON PART OF JOSE ERMIRIO DE MORAES, BUT PENDING MORE DEFINITE EVIDENCE AND IN VIEW PAST RECORD WE ARE OBLIGED TO LIST HIS APPOINTMENT TO AGRICULTURE MINISTRY AS CONTINGENT LIABILITY FROM OUR POINT OF VIEW.

THIS APPOINTMENT OF ARRAES CANDIDATE WOULD SEEM BE BALANCED SOMEWHAT BY APPOINTMENT ADHEMAR DE BARROS CANDIDATE TEOTONIO MONTEIRO DE BARROS (NOT RELATED) TO EDUCATION MINISTRY. WE STILL KNOW LITTLE OF LATTER DIRECTLY, BUT MODERATE PAULISTA CIRCLES REGARD HIM HIGHLY.

ALTHOUGH WE HAVE LITTLE ENCOURAGING INFORMATION AS YET ON PINHEIRO CHAGAS, DEPARTURE OF DARCY RIBEIRO FROM EDUCATION MINISTRY MUST BE COUNTED AT LEAST AS NEGATIVE BLESSING.

AMONG HOLDOVER MINISTERS, WE CAN BE THANKFUL FOR RETENTION KRUEL AS WAR MINISTER AND ALMEIDA AND BATISTA AS MINISTERS TRANSPORTATION AND MINES AND ENERGY (LATTER TWO BEING AMONG VERY FEW COMPETENT MEMBERS FORMER CABINET). SURPRISE RE-APPOINTMENT HERMES LIMA AS FOREIGN MINISTER CAME AS DISAPPOINT-

0207

CONFIDENTIAL

-3- 1410, JANUARY 25, 8 PM, FROM RIO DE JANEIRO

MENT IN VIEW HIS NOTORIOUS LEFT-WING PROCLIVITIES, BUT AT LEAST WE HAVE HAD EXPERIENCE IN DEALING WITH HIM. INDICATIONS ARE HIS APPOINTMENT ONLY TEMPORARY PENDING SUPREME COURT VACANCY TO WHICH HE CAN BE NAMED. (DANTAS STATES BARROS BARRETO RETIRING FROM COURT IN MARCH AND ARCHER LIKELY REPLACE LIMA AT ITAMARATY AT THAT TIME.) CONTINUANCE IN CABINET OF UNPOPULAR AND POLITICALLY UNRELIABLE MINISTERS OF NAVY AND AIR AND SENILE AND POLITICALLY CONFUSED MINISTER OF JUSTICE ALSO UNHELPFUL IN TERMS U.S. INTERESTS. INCLUSION CELSO FURTADO WAS, OF COURSE, VIRTUALLY INEVITABLE.

RETENTION ALBINO SILVA AS CHIEF MILITARY HOUSEHOLD AND APPOINTMENT EVANDRO LINS E SILVA TO HEAD CIVIL HOUSEHOLD ENSURE CONTINUANCE AMONG PRESIDENT'S CLOSEST ADVISORS AND CONFIDENTS OF TWO OF MOST SINISTER FIGURES IN PRESIDENTIAL ENTOURAGE, BOTH BEING APPARENTLY FIRMLY COMMITTED TO LEFTWARD SWING OF BRAZIL AWAY FROM U.S. INFLUENCE.

FURTHER PROGNOSIS ON BASIS NEW CABINET COMPLICATED BY UNCERTAINTY AS TO HOW LONG CABINET INTENDED LAST. RECURRENT RUMORS, SUPPORTED BY CERTAIN OBJECTIVE INDICATIONS, SUGGEST PRESENT CABINET MAY BE FIRST STEP IN TWO-STAGE OPERATION INTENDED CULMINATE IN CREATION BRIZOLA/OSVINO-TYPE CABINET SEVERAL MONTHS HENCE. ON OTHER HAND, POSSIBILITY EXISTS THIS IMPRESSION BEING INTENTIONALLY FOSTERED IN FAR-LEFT CIRCLES IN ORDER GAIN TIME FOR GOULART GET SITUATION UNDER CONTROL AND CONSOLIDATE HIS NEWLY-WON POWERS. ONLY FIRM CONCLUSION WE CAN DRAW AT THIS POINT IS THAT SITUATION WILL BEAR CLOSE WATCHING.

GORDON

BAP

Note: Mr. Randolph (ARA) notified 1-26-63 CWO-M.

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POL-15-9

DEPARTMENT OF STATE
ASSISTANT SECRETARY

EST/B 01508
X-1577

CONFIDENTIAL

JAN 29 1963

TO : The Secretary

THROUGH: S/S

FROM : ARA - Mr. Cottrell

SUBJECT: Brazil's new cabinet as Brazil reverts to presidentialism.

Discussion:

Enclosed is a memorandum appraising the new Brazilian cabinet which took office on January 24, 1963. The cabinet is Goulart's first under the presidential system, to which Brazil has returned in consequence of the rejection of parliamentary government in the plebiscite of January 6, 1963.

An attachment to the memorandum contains brief biographic sketches of the cabinet members.

Recommendation:

It is suggested that, if you approve, the memorandum be sent to the White House.

Approve T.R. JAN 31 1963

Disapprove _____

Attachment:

Memorandum on the new Brazilian Cabinet.

ARA:EST/B:RHShields:am
1/29/63

Note: Orig. enclosure sent to White House, S/S 1577, on 1/31/63.

CONFIDENTIAL

0209

subject POL-15-a

CONFIDENTIAL

MEMORANDUM FOR MR. McGEORGE BUNDY

THE WHITE HOUSE

Subject: Brazil's new cabinet as Brazil reverts to presidentialism

Enclosed, as of possible interest to the President, is a memorandum appraising the new Brazilian cabinet which took office on January 24, 1963. The cabinet is Goulart's first under the presidential system, to which Brazil has returned in consequence of the rejection of parliamentary government in the plebiscite of January 6, 1963.

An attachment to the memorandum contains brief biographic sketches of the cabinet members.

William B. Bruhock
Executive Secretary

Enclosure:

Brazil's New Cabinet

CONFIDENTIAL

FW 732.13/1-2463

CONFIDENTIAL

(2)

BRAZIL'S NEW CABINET

Brazil on January 23, 1963, reinstituted the presidential system of government, and President Goulart's first cabinet under this system was sworn in on January 24. These developments followed closely upon the plebiscite of January 6, in which Brazilians voted overwhelmingly, by a ratio of approximately five to one, their preference for presidentialism over the parliamentary system introduced by a constitutional amendment of September 1961. The surprisingly low rate of voter abstention (estimated at 20 to 30 per cent) is apparently attributable in large part to the Government's pronouncement that voting was mandatory and to its intensive propaganda campaign in the mass media. Efforts by Congress to restrict Goulart's presidential powers had been anticipated, but in view of the decisiveness of the popular verdict, did not materialize. Thus President Goulart will enjoy full powers under the Constitution of 1946.

The new cabinet, in which San Tiago Dantas (Finance Minister) is expected to be the dominant figure, represents primarily a coalition of President Goulart's Brazilian Labor Party (PTB) and ex-President Kubitschek's Social Democratic Party (PSD), with the PTB clearly in the dominant position. The PTB holds four ministries--Finance, Foreign Affairs (which Hermes Lima retains), Labor and Agriculture. The PSD received three cabinet posts--Industry and Commerce, Health, and the newly created Ministry of Administrative Reform; however, the Ministers of Commerce and Health are more cronies of Goulart than representatives of PSD interests, while the Ministry of Administrative Reform is apparently of such uncertain significance that the nominee (PSD President Amaral Peixoto) has thus far delayed acceptance of the office. The PTB's small leftist ally, the Brazilian Socialist Party (PSB), retains the post of Minister of Justice and Interior. The Social Progressive Party (PSP) of Sao Paulo's Governor Ademar de Barros has been given the Ministry of Education. Brazil's second largest party, the National Democratic Union (UDN), is unrepresented, and will have its accustomed opposition role. No change was made in the three military ministers, and three "technicians" who served in the former Council of Ministers have been retained in the Ministries of Transportation and Public Works, Mining and Energy, and Planning (Celso Furtado).

Reflecting Goulart's need for support from both right and left, the new cabinet ministers range widely in ideological orientation. However, the

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accent is strongly on the left. San Thiago Dantas, a political opportunist, has strong leftist appeal--while at the same time being tolerable to various moderate and conservative elements. The leftist proclivities of Foreign Minister Hermes Lima are generally known and the Navy, Agriculture and Justice Ministers likewise are leftist-oriented; but, as indicated below, the appointments of both the Justice Minister and the Foreign Minister are probably short-term interim arrangements.

Labor Minister Almino Afonso represents Goulart's strongest bid for extreme leftist support. Afonso is an extreme leftist ultranationalist and a suspected communist. As leader of the PTB in the Chamber of Deputies he has been a supporter of extreme leftist and communist causes and has denounced foreigners, particularly Americans, in Brazil. It is difficult to accept Goulart's reported argument that he needed to pick as extreme an individual as Afonso in order to help win the support of labor and extreme leftists for future economic and financial measures unpalatable to them.

Similarly unreassuring is Goulart's retention of General Albino Silva as Chief of his Military Household and his appointment of Attorney General Evandro Lins e Silva as Chief of his Civil Household. These appointments ensure the continuance among Goulart's closest advisers and confidants of two of the less palatable figures in the President's entourage. Both are extreme leftist, ultranationalists. Lins is known to have close Communist associations. Silva was Goulart's special emissary to Cuba during the recent Cuba quarantine crisis.

Goulart's various leftist appointments are only partially offset by several appointments from the conservative sector. The Minister of Education (Monteiro de Barros) apparently has the respect of moderate elements in Sao Paulo and is considered capable; certainly he is an improvement over his predecessor, Darcy Ribeiro. Amaral Peixoto, the designee for the Ministry for Administrative Reform, is a strong representative of conservative interests but, as noted above, he is hesitant to accept the office. Minister of Industry and Commerce Antonio Balbino has had an essentially conservative background, but his opportunism and personal friendship for Goulart make him an unreliable defender of the interests of the center. Minister of Health Pinheiro Chagas, on whom neither the Embassy nor the Department has much information, appears to be in the same category. Some satisfaction can be taken in the retention of the capable "technicians", Eliezer Batista and Helio de Almeida, in the Ministries of Mining and Energy and of Transportation and Public Works,

respectively. The retention of War Minister General Amaury Kruel—an opportunist, friend of Goulart and anti-communist—is also encouraging, not because of the strength or leadership he provides to the democratically oriented in the military, but because he is a so much better alternative than the extreme leftist, ultranationalist General of the First Army Osvino Alves, who was also a strongly rumored prospect for the Ministry of War.

Further cabinet changes can be expected. The Ministry of Justice and Interior is not likely to remain long in the control of the octogenarian Socialist Party leader Joao Mangabeira. Also Hermes Lima will probably be Foreign Minister only until there is a vacancy in the Supreme Court. Moreover, the Ministry of Transportation and Communications is expected to be split into two separate ministries. PSD leader Amaral Peixoto is reportedly reluctant to accept appointment until he can consult with PSD party leaders about the alleged failure by Goulart to fulfill his commitments to the PSD in the allocation of ministerial posts. Thus there may be new appointments and a readjustment of political alignments.

Goulart's first cabinet, when he was permitted to assume the presidency under a parliamentary system, was essentially conservative. This earlier cabinet reflected the initial weakness of Goulart's position and his need to conciliate conservative opposition elements. Goulart's newly designated cabinet gives a heavier emphasis to the leftist orientation in the PTB and contrasts with the cabinets of Kubitschek which gave predominance to the more conservative orientation of the PSD. On the other hand the newly designated cabinet is an improvement over the recent interim cabinets of Prime Ministers Brochado da Rocha and Hermes Lima. At the very least, it is an attempt to build a workable coalition of political parties. In short the new cabinet encourages neither optimism nor despair, but rather watchful waiting.

Brief biographic sketches on members of Goulart's new cabinet are attached.

Attachments

Biographic sketches

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(21)

Biographic Sketches on Members of New Brazilian Cabinet

Foreign Affairs - Hermes Lima
PTB from Bahia

Prime Minister and Minister of Foreign Affairs in the preceding Cabinet; previously served as Chief of President Goulart's Civil Household (appointed September 1961) and as Minister of Labor (July - September 1962). A confirmed Socialist, he participated early in his career as law professor in many leftist activities. He became an active member of the National Democratic Union and subsequently one of the founders of the Brazilian Socialist Party (PSB), and was known particularly for his opposition to the Vargas regime. He joined the Brazilian Labor Party (PTB) in 1959, after efforts to combine the PSB and PTB failed. He is not considered basically unfriendly toward the United States and, indeed, in a recent public declaration extolled the United States and stressed the importance of U.S. - Brazilian friendship. However, dangers to U.S.-Brazilian relations are seen in Lima's visionary socialistic ideals and in the leftist demagoguery which he revealed during the recent Cuban crisis and on other occasions.

Finance - Francisco Clementino de San Thiago Dantas
PTB from Minas Gerais

Served as Foreign Minister, September 1961-June 1962. One of Brazil's most prominent jurists and an influential adviser of President Goulart. Former federal deputy from Minas Gerais. His previous record as a successful corporation lawyer identified closely with foreign business interests has been no bar to his moving in labor and socialist circles when this has seemed to be politically profitable. As Foreign Minister, he stressed his cooperation with the United States, but nevertheless advocated intensified trade relations with Soviet Bloc countries and a soft policy toward Cuba. Goulart's attempt to make Dantas Prime Minister in June, 1962, met with violent opposition from the conservative majority in Congress and almost resulted in a crisis because of a threatened general strike by labor elements favoring Dantas. It is expected that Dantas will be the dominating figure in the new cabinet, both by virtue of his intellectual pre-eminence and his important function as Minister of Finance, bolstered by his previous experience and contacts in the Foreign Ministry.

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War - General Carlos Ammury Kruel

Holdover from preceding cabinet. Served during World War II as Chief of Intelligence and under Kubitschek as Chief of the Federal District Police. Prior to his appointment as War Minister in September 1962, he was the Chief of Goulart's Military Household. Kruel has been consistently anti-communist and pro-U.S. in the past, and has recently been under severe attack by leftist elements, who wish to replace him with First Army Commander, General Osvino Ferreira Alves. While aware of these moves, Kruel has officially maintained reserve and has stressed the constitutionally non-political character of the Brazilian Armed Forces, while repeatedly emphasizing his support for President Goulart.

Navy - Vice-Admiral Pedro Paulo Araujo de Suzano

Holdover from preceding cabinet and that of Brochado da Rocha. Former Naval Attache' to Washington and Ottawa (1957-59). Considered intelligent and capable, but not very popular among career Naval officers, partly because he supported Marshal Lott's intervention in November 1955 to ensure the right of President-elect Kubitschek and Vice President-elect Goulart to take office. A pronounced nationalist, he recently has drawn strong criticism for awarding the Order of Naval Merit to notorious leftist extremists (including at least one Communist) prominent in Brazilian public life.

Air Force - Brig. Reinaldo de Carvalho Filho

Holdover from preceding cabinet. Held same office under Brochado da Rocha. Former Chief of Air General Staff (1958-mid 1961). Quiet, capable, and well liked. Believed to be ultra-nationalist. Originally oriented in his foreign outlook toward the British and French, he is believed to have become more friendly toward the U.S. recently, especially since his visit to the United States in 1960.

Justice and Interior - João Mangabeira
PSB from Bahia

Holdover from preceding cabinet, and from earlier cabinet of Brochado da Rocha, in which he served as Minister of Mines and Energy. Not active because of ill health (age approximately 80) and is expected to leave Ministry in near future. Well-known lawyer and former federal deputy from Bahia, and one of

the founders of the Brazilian Socialist Party. Unsuccessful Presidential candidate for the PSB in 1960. Father of Francisco Mangabeira, ultra-nationalist head of PETROBRAS, who reportedly is about to be removed.

Labor - Almino Afonso
PTB from Amazonas

A leftist ultra-nationalist and suspected Communist, who as leader of the PTB in the Chamber of Deputies has assiduously promoted leftist, including Communist, causes. He has emphatically denounced the presence of foreigners, especially Americans, in Brazil. In the capital of his home state, Manaus, he has a record of supporting agitation by far-left students and labor leaders. Goulart allegedly chose Afonso on the theory that only a leftist Labor Minister could extract from Brazilian workers the sacrifices required by a stabilization effort.

Education - Teotonio Monteiro de Barros
PSP from São Paulo

Was a member of the Constituent Assembly in 1934, and subsequently served for a brief period as Secretary of Education for the State of São Paulo. A popular professor at the University of São Paulo Law School, specializing in public finance and economics, he is considered one of Brazil's leading tax authorities. In 1954 he was elected federal deputy for the Social Progressive Party. He also has served on several delegations to the United Nations. He is considered honest and is believed to be anti-communist.

Agriculture - José Ermirio de Morais
PTB from Pernambuco

A politically ambitious, wealthy business man who, in October 1962, was elected Senator from Pernambuco on the PTD-PTN-PST coalition ticket. While friendly to the U.S. (he and his children have been educated in the U.S.) Morais is unfriendly to foreign investment and American business in Brazil. A strong nationalist and political opportunist, he has advocated a working relationship between conservative business and the ultra-nationalist left. In furtherance of this cause, he provided lavish financial support in Pernambuco for the successful gubernatorial candidacy of pro-Communist Miguel Arraes. However, he also has lent financial support to pro-U.S. causes, such as the Bi-national Center in São Paulo, and it is hoped that his recent trip to the United States may have had a beneficial effect. Morais' wealth derives in large part from his control of the large São Paulo industrial complex VOTORANTIM.

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Industry and Commerce - Antonio Balbino de Carvalho Filho
PSD from Bahia

Typical of the more or less unsavory "practical" politicians who were associated with Getulio Vargas. A former Governor of Bahia (1954-58), he was elected Senator for that state in October 1962. He became a friend of Goulart during the second Vargas administration, when he briefly held the position of Minister of Education and Goulart was Minister of Labor. Recently he served as Solicitor General (September 1961-June 1962). Balbino usually has aligned himself with conservatives but now maintains a middle-of-the-road position. He is a major stockholder in Companhia Fosforita (matches) and is regarded as a hard businessman. Apparently a fairly good administrator, he created as Governor of Bahia, a State Planning Commission that established several industrial and commercial institutions which are still important in the state's economic life.

Mines and Energy - Eliezar Batista da Silva

Holdover from preceding cabinet. A civil engineer who between April 1961 and the time of his appointment to the Hermes Lima cabinet was President of the Government-owned Valle do Rio Doce corporation engaged in mining and export of iron ore. He has had a reputation for pronounced nationalist views, but there are recent indications that he favors the collaboration of foreign capital in efforts to increase the exploitation and export of Brazil's mineral resources, a position diametrically opposed to that of the country's leftist nationalists. He has made frequent visits both to the United States and to Europe.

Transportation, Communications, and Public Works - Helio de Mello Almeida

Holdover from preceding cabinet. Prominent civil and electrical engineer, and businessman. Primarily concerned with railroads. Has represented some U.S. firms and is presumed to be friendly toward the United States. After consultation with U.S. Embassy, he accepted invitations to visit the USSR (1959) and China (1962). Prominent member in various Brazilian social and professional organizations, and also affiliated with the American Railway Engineers Association.

Public Health - Paulo Pinheiro Chagas
PSD from Minas Gerais

Former PSD leader in the Chamber of Deputies (June 1961-March 1962). Sponsored a congressional petition declaring "solidarity and confidence" in Dantas' Cuban policy statements at Punta del Este.

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Minister Extraordinary for Planning - Celso Furtado

A holdover from the preceding cabinet. Executive Director of the Northeast Development Agency (SUDENE) since 1960, having previously been in charge of the Council for the Development of the Northeast (SUDENE's predecessor) since May 1959. Also responsible for the Northeastern transactions of the National Bank for Economic Development (BNDE). Furtado is a highly respected Brazilian economist but is considered deficient as an administrator. An outspoken nationalist interested in socio-economic reforms, Furtado was early in his career affiliated with extreme leftist groups. During recent years he has expressed predominantly socialist and democratic views. There are lingering doubts, however, concerning his true ideological orientation. Although officially he has cooperated fully with U.S. representatives, he has studiously refrained from making public statements which might alienate the Brazilian left. In addition to serving as Minister Extraordinary for Planning since September 1962, Furtado also has been (and presumably continues to be) Director of SUNAB (National Superintendency for Supply).

Minister Extraordinary for Administrative Reform - Ernani do Amaral Peixoto

Chairman of the Social Democratic Party (PSD) since 1951. Former governor of the state of Rio de Janeiro (1951-55) and Ambassador to the United States (1956-58). Active naval officer until 1952, when he was transferred to the remunerated reserve and soon thereafter promoted to Rear Admiral under special legislation for military officers who had been active against the Communist-inspired uprising of 1935. Peixoto owes his successful political career largely to his father-in-law, the late President Getulio Vargas. He played a major role in Kubitschek's nomination as presidential candidate in 1955. He is strongly anti-communist. He advocates the promotion of Brazil's economic development through collaboration with friendly nations. While condemning nationalistic excesses, he approves of the state petroleum monopoly of PETROBRAS. He opposes statism in other spheres unless essential to national security or unless private initiative should fail to meet Brazil's development requirements. Highly ambitious and a shrewd politician of the old school, Amaral Peixoto is considered a man of rather limited intelligence and imagination who cannot be expected to play a significant role on the national political scene.

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JAN 29 1963

(21)

TO : The Secretary

THROUGH: S/S

FROM : ARA - Mr. Cottrell

SUBJECT: Brazil's new cabinet as Brazil reverts to presidentialism.

Discussion:

Enclosed is a memorandum appraising the new Brazilian cabinet which took office on January 24, 1963. The cabinet is Goulart's first under the presidential system, to which Brazil has returned in consequence of the rejection of parliamentary government in the plebiscite of January 6, 1963.

An attachment to the memorandum contains brief biographic sketches of the cabinet members.

Recommendation:

It is suggested that, if you approve, the memorandum be sent to the White House.

JAN 31 1963

Approve /s/ Dean Rusk

Disapprove _____

Attachment:

Memorandum on the new Brazilian Cabinet.

ARA:EST/B:RHSheldon:am
1/29/63

Note: Orig. enclosure sent to White House, S/S 1579, on 1/31/63

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ORIGIN/ACTION		
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ARA	EUR	FE
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TR 2	XMB 4	AIR
ARMY	STA 10	NAVY
OSD	USIA 8	NEA 3

Info
no action
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RJ Baden
2/19/63

DEPARTMENT OF STATE

AIRGRAM

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TO : DEPARTMENT OF STATE 1963 FEB 4 PM 1 05

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
FEB 5 1963

EXFAIR
ANALYSIS & DISTRIBUTION
BRANCH

FROM : AmEmbassy, Rio de Janeiro DATE: January 30, 1963

SUBJECT : Inaugural Statement by Finance Minister San Tiago Dantas

REF : CERP D-12

Enclosed is an informal translation of the statement made by Finance Minister San Tiago Dantas, upon assuming office in Brasilia on January 24, 1963.

FOR THE AMBASSADOR

Ralph V. Korp
Financial Attaché

FILED
FEB 19 1963

FORM DS-323 4-62

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☑ In ☐ Out

Drafted by: RVKorp/bc

Contents and Classification Approved by:

Clearances:
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Informal Translation
(by R. V. Korp)

TEXT OF THE STATEMENT MADE BY FINANCE MINISTER SAN TIAGO DANTAS UPON FORMALLY RECEIVING THE OFFICE FROM FORMER FINANCE MINISTER MIGUEL CALMON IN BRASILIA,

January 24, 1963*

I receive the office from your hands, Mr. Minister Miguel Calmon, in full realization of the difficulties which your Excellency has had, and which I will have, in carrying out the duties of this office. These difficulties attend administration of finances under any circumstances, but are accentuated at present by the force which the inflationary pressure has attained. This factor has brought about disturbances which threaten the social order. At the same time there is the firm decision, which is no longer that of the Government alone but of the entire people, to carry forward the economic development of the country and to gain its emancipation.

To counter inflation and to accelerate development are, in appearance, two contradictory objectives, but we must attain them simultaneously. The Government of President Joao Goulart has this objective in view and it is to this that all the efforts of the Administration will be dedicated, in accordance with the President's decision. We are not facing the difficulties of the present moment with pessimism. The Brazilian people gave at the polls on the sixth of January a powerful demonstration of political vitality and crowned with this pronouncement the process of democratic maturation. This already appears to have permitted us to pass beyond the phase of institutional instability.

We have become a stable democracy led by the popular will and we are in condition to carry forward by peaceful means--without breaking democratic principles or respect for liberty--those social reforms to which the people aspire and the achievement of the complete economic independence of the nation.

Nevertheless, this does not keep us from being disturbed at the financial situation in which we find ourselves. The inflation which has been caused by a series of circumstances, among which can be listed a constant loss of substance /sic/ of the national economy, has been accentuated in recent years, threatening the stability of the activities which up to recently were stimulated by the inflation itself and imposing on the middle and popular classes a continuous increase in the cost of living, which destroys fixed salaries and incomes and only benefits those who live off speculation, or those in favored activities;

* Based on text as it appeared in the Jornal do Brasil, January 25, 1963.



The fight against inflation has assumed the imperative character of defending the people and the very independence of the nation. The Government assumes in front of the nation the responsibility for this struggle and commits itself to bring it to a good conclusion, not in a few weeks or months but during the next three years.

For this, the Government will adopt in the field of its responsibility measures of financial discipline which will not disturb the existing demand for goods and services and will, at the same time, reorient investments so as to increase the supply of goods and services, in a short time.

The Economy Plan already authorized by the Congress will permit the elimination of waste in the public administration and will assure a reduction in expenditures of the order of 260 billion cruzeiros, already taking into account salary increases to public servants during the current fiscal year. At the same time, the Government will complete a second plan covering extra-budgetary expenditures which will be submitted to a rigorous discipline.

All possible stimulus will be given to an expansion of exports, both to traditional markets and to new markets. We will reorganize in accordance with the interests of the country, our foreign trade and will increase our external purchasing power in line with our import needs, particularly for capital goods for economic development. The Government intends to finance development with non-inflationary resources derived from taxes and internal loans and to limit recourse to paper currency issues to the amounts projected in the monetary budget, in such a way that the rate of increase of means of payment will in 1963 be less than it was in 1962 and in 1964 will be even less than in 1963. In 1965 it will approximate the level compatible with the functioning of a system that is both stable and developing.

We do not ignore that following these criteria of discipline conflicts with habits engrained within the Administration itself and encounters difficulties because of the almost complete absence of means of control on which governmental action could be based. These difficulties are, however, not insuperable and your Excellency yourself has initiated through a number of measures the removal of these obstacles, including the initiatinn of studies and inquiries, which we will continue, in order to modernize the structure of this Ministry and of the agencies of monetary administration.

An intensification of tax collections will be a basic concern of the new Administration. A restructuring of the methods used will create new levels of efficiency and will assure to the country substantial increase in receipts without an increase in taxes with disstimulating effects and at the same time will combat fraud, concealment and corruption. At the same time, I believe that tax reform has merely been initiated and that the Government will be able to give to



the Congress its assistance for a profound transformation in the Federal fiscal system in which the financial yield will be taken into account but also, more importantly, account will be taken of the effects of taxes on the process of economic development of the country.

I will send to the Congress the valuable project for banking reform for which the country longs and which your Excellency has so well elaborated with help from all interested sectors and classes. This reform is indispensable and unpostponable if we wish to exert control over the most sensitive of economic instruments, which is that of money. We will separate the policy and regulatory function which will be entrusted to SUMOC, from the executory function entrusted to the Bank of Brazil whose services we do not wish to see disintegrate.

All these measures, and many others which will amplify and compliment them, will be necessary to the effort of containment and of development which the national economy requires. But, the Government cannot ignore that these measures cannot attain the desired objective if at the same time and with equal intensity there are not mobilized the vital forces of the nation represented, above all, by its business and working classes.

For this reason President Joao Goulart has charged me with expressing his confidence in that the businessmen of Brazil will respond to this call and will give to the people their free and sincere cooperation to the end that there may be a voluntary containment of prices, without using overly compulsory means, in a form to be proposed as soon as the implementation of Governmental measures to this same end will be initiated.

In the same way, the Government knows that it will not fail to get the understanding, the help and the active collaboration of the workers in the fight against inflation which is exclusively in the interest of the people. A wage policy will be formulated with the cooperation of the Minister of Labor and of the agencies of the laboring class, which will assure the adjustment of the nominal value of salaries in accordance with the depreciation of the value of money and with changes in the cost of living, but will avoid that prices will be pushed up by illusory increases given without proper consideration of the interests of the country and of the worker.

I wish to elaborate in a few words the high regard in which we hold international cooperation and external assistance, as factors in economic development. A country such as ours cannot base its development policy on the expectation of this cooperation. It is in the national use of internal resources, which an economy such as ours already extensively possesses that development is essentially based. The struggle which we conduct in the international sphere has as its primary objective the obtention of adequate prices for our products which are faced with a permanent deterioration in the terms of trade.



International cooperation, however, is an important accelerator of development. It can permit the leaping over of intermediary stages and the sacrifices imposed on the consumer are lessened. Brazil opens itself /to international cooperation/ with interest and confidence, and without preconceptions, seeing in its application a fruitful instrument of solidarity among peoples. The areas to be protected are formulation of plans for development and the freedom of commerce with all countries without any discrimination which is not in the proper national interest.

It was this spirit that was embodied in the Charter of Punta Del Este, which Brazil continues to regard as an instrument rich in possibilities for the development of the peoples of this Hemisphere, particularly when the deficiencies which have been observed in its application will have been overcome. The Government will not spare efforts to seek that the continental cooperation expressed in the Alliance for Progress will be channeled in ways most favorable to the social progress and the economic emancipation of the Latin American peoples.

I wish also to express in the name of the President of the Republic the certainty that the Government will not fail to receive the cooperation of the business classes. The development of Brazil will be carried forward through the initiative of the State and through private initiative. Between these there exists not incompatibility, but complimentarity. The Administration intends, within the framework of the "Three-Year Plan," to assure to private initiative scope, security and encouragement so that it may bring to the nation the benefits of an economy based on free competition without monopolies and extortive privileges. Foreign capital is welcome in our country and will here continue to find conditions of security and freedom which have permitted it to prosper, without discriminations other than that set forth in liberal legislation inspired by the consideration of the national interest. Concessionary companies of public utility are suffering among us, as in many countries, the consequences of a persistent inflation in which the rate structure cannot keep up with the rapid devaluation of the currency. This reason makes necessary a nationalization of services with all legal guarantees being assured to the reinvestment of the capital disinvestment in other activities in the country.

The Government will complete in a short time the process of nationalization, conciliating respect for the foreign investor and for his rights with the interests of the national economy.

Mr. Minister,

I felt it my duty to be explicit about all these points at the moment in which we initiate a new phase of the Republic--the installation of presidentialism. I congratulate your Excellency for the excellent and patriotic administration which you have conducted, facing the problems with serenity and objectivity under political conditions not infrequently adverse to making decisions.



It is for me a motive for pride to serve Brazil in this Ministry which today, as yesterday, counts among its ranks some of the most distinguished and capable officials in the public service. From all I request collaboration and work so that we may together carry out the task which has been entrusted to us by the President of the Republic.

I find myself here in the service of the people and ready to administer without any other commitments than those which I have assumed with the President of the Republic, which are to do everything to overcome the difficulties of today and to pave the way to the prosperity and the well being of the Brazilian people.



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FOREIGN
ANALYSIS DISTRIBUTION
UNIT

Washington, January 31, 1963.

RM/R FILES

№ 20/301.1

Excellency,

I have the honor to inform Your Excellency that Professor Hermes Lima was appointed, on January 23, 1963, Brazilian Minister of State for Foreign Relations.

I avail myself of the opportunity to present to Your Excellency the renewed assurances of my highest consideration.

George Alvares Maciel
Chargé d'Affaires, a.i., of Brazil

His Excellency Dean Rusk
Secretary of State of the United States of America

CLL/nm

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FOREIGN SERVICE DESPATCH

FROM : Amembassy RIO DE JANEIRO — DESP. NO. 798

TO : THE DEPARTMENT OF STATE, WASHINGTON. — DATE: March 13, 1961

REF : Embassy Despatch 753, February 21, 1961 (Weska 9) MAR 15 1961

For Dept. Use Only	ACTION	DEPT.
	ARA-4	RM/R-2 INR-7 REP-1 IO-4 ICA-11 L-2
	REC'D 3/21	OTHER CIA-10 USIA-10 [redacted] Navy-4
		Com-6 Navy-4 TSA-4

SUBJECT: TRANSMISSION OF PRESIDENTIAL DECREES DEALING WITH PUBLIC ADMINISTRATION

Enclosed are translations of presidential decrees dealing with various administrative changes in the Brazilian government.

The decrees signed by President Quadros are the following:

(1) Decree Number 50,273 of February 16, 1961, obliging public servants to work 38 hours weekly, with two periods per day broken by a lunch period instead of the usual six hours in a row. Popular pressure has caused a new study of this system but the President has confirmed the new order with exceptions to be allowed for students and mothers with children at home.

(2) Decree Number 50,284 of February 21, 1961, annulling all appointments since September 1, 1960. This is designed both for economy and to sweep out appointees who were named in large numbers during the last few months of the Kubitschek administration.

(3) Decree Number 50,285 of February 21, 1961, prohibiting new entries into government service for one year. Ostensibly an economy move, it also greatly limits the patronage and therefore the political power of the Ministers. Thus the President retains a firm hand as principal disburser of political largess.

For the Ambassador:

Thomas M. Tonkin
Third Secretary of Embassy

APPROVED:

Philip Raine
Counselor of Embassy
for Political Affairs

Enclosures: As stated

DISTRIBUTION: All consulates in Brazil, Service Attachés, USIS, Econ (2), Pol II, Brasilia, Labor, CF (3), Pol (5).

TMTonkin:jw

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REPORTER		
ACTION ASSIGNED TO	ACTION TAKEN	
NAME OF OFFICER a OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

ACTION COPY — DEPARTMENT OF STATE

The action office must return this permanent record copy to RM/R files with an endorsement of action taken.

732.14/3-1361

MAR 29 1961

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TRANSLATION OF DECREE CHANGING WORK HOURS OF GOVERNMENT EMPLOYEES

No. 50,273

Article I. The public servants of the Civil Service of the Executive Power and of the autonomous institutions to which are charged duties of a bureaucratic, fiscal, technical, artistic, scientific or similar type, are obliged to work thirty-eight hours weekly.

1. For the desired effectiveness of this article, the functioning of the federal public offices will observe the hours 8:30 to 11:30 and 2 to 6 p.m. except Saturdays, which will be 9 to 12.

2. The offices which, because of unusual situations, cannot observe the system set forth in the previous paragraph, will establish special hours to assure that their public servants will be subject to the number of hours fixed in this article.

Article II. The public servants which have positions of industrial, agricultural, maritime, manual or similar nature, including those of a supervisory nature are obliged to work 200 hours monthly.

1. An equal system will apply to mailmen, receptionists, gatekeepers, chiefs of reception, temporary personnel and those in similar functions.

Article III. All work schedules will be revised within thirty days to adjust to the demands of this decree, with the results published in the Diario Official.

1. Toward the same end, all previous decisions referring to the compatibility of work hours of public servants of the Civil Service and autonomous institutions will be reviewed.

Article IV. Public servants whose work schedule is regulated by special law are not affected by Articles I and II of this decree.

Article V. This decree will become effective on the 20th of February, 1961, revoking all others contrary to it.

Brasilia, February 16, 1961

UNCLASSIFIED



TRANSLATION DECREE ANNULLING
ALL NOMINATIONS SINCE SEPTEMBER 1960

No. 50,284

Article I. All public servants of the Civil Service of the Executive Branch and the autonomous institutions whose nomination or admission actions were published after the first of September, 1960, will be discharged or excused on March 31 of this year.

1. On that same date the services of personnel admitted in any other manner and paid by other /non-personnel/ funds whose employment had been established after September 1 will cease, as well as all execution of service and payment for same after that date /March 31/.

2. The payment of personnel admitted and paid with working funds who are not directly employed on these respective works will also cease.

3. When such personnel are public servants who previously belonged to the public service, they shall be assured of returning to their immediately previous position or an equivalent job.

Article II. The following are excepted from this decree: All those nominated or admitted through a public examination, carried out with rigorous obedience to all legal regulations and requirements; those admitted by promotion; those who have acquired stability in public service; those who exercise positions of confidence approved by a commission.

Article III. The competent authorities will expedite the actions necessary to the faithful fulfillment of this decree and send them by April 10, to the Civil Household of the President of the Republic with attention to the personnel affected by Article I and its paragraphs with indications of the respective actions of dismissal.

Article IV. If the necessity for the service of the public servants affected by this decree is proven, they may be re-appointed. However, these re-appointments shall be limited to 20 percent of the overall number of those dismissed and subject to the authorization of the President of the Republic.

Article IV. The staff and expenditures of federal autonomies and parastate institutions will be reorganized along lines of economy and efficiency. They will be adjusted to the true necessities of service and (report thereof) will be sent to the President of the Republic, through DASP, within



ninety days, counting from the date of publication of this decree.

Article VI. The authorities and functionaries who do not give prompt execution to this decree will be held administratively responsible.

Article VII. This decree becomes effective on the date of its publication and revokes all others contrary to it.

Brasilia, February 21, 1961

UNCLASSIFIED

Enclosure 3
Page 1
Despatch 798
Rio de Janeiro

TRANSLATION OF DECREE
PROHIBITING NEW FUNCTIONARIES FOR ONE YEAR

No. 50,285

Article I. The nomination or admission of personnel into the Civil Service of the executive power, including federal autonomous institutions are prohibited for 365 days, counting from the date of publication of this decree.

Article II. In exceptional cases where the absolute necessity of such service is proven, nominations or admissions can be made with the express authorization of the President of the Republic in each case.

Article III. Those named by commission, by competitive examination or by qualification are exempted from this decree.

Article IV. This decree will be effective on the date of its publication revoking all decrees contrary to it.

Brasilia, February 21, 1961

UNCLASSIFIED

(b)

INCOMING TELEGRAM *Department of State*

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Control: 15337
Rec'd:

FROM: Buenos Aires

TO: Secretary of State

NO: 1463, February 23, 4 p. m.

After meeting with CGT delegation President agreed to "restudy" government plan to discharge or retire 300,000 redundant federal employees and laborers. Some labor leaders believe President will stall problem until after national elections March 18. Labor leaders will continue demand government scrap program designed streamline government operations. Labor leaders will call upon Cardinal Caggiano to help convince administration necessary to abandon plan reduce labor force. However, executive secretary of government's reorganization committee told Embassy nothing is changed and President only agreed receive suggestions. Reorganization program in full force he declared.

MCCLINTOCK

MGG

Buenos Aires 1463

735.14/2-2362

XR P 35.06

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NAME OF OFFICER	DATE OF ACTION 3/6/62	DIRECTIONS TO RM/R FILE
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0232

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HANDLING INDICATOR

FOREIGN SERVICE DESPATCH

For Department Use Only
832.10/5-1962
XR 832.06
732.14

FROM : Amembassy, Brasilia Office — 909 NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. — May 17, 1962 DATE

REF : Embassy Despatch 882, May 10, 1962, CERP, D-12

For Dept. Use Only	ACTION	ARA-4	INFO	DEPT	RM/R 2	REP 1	AF	ARA	EUR	FE	NEA	CU	INR 5	E 3	P	IO	AID 11
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	REC'D 5/21				AIR	ARMY	CIA 8	NAVY	OSD	OCB	USIA	MTA 3					

SUBJECT: Brazilian Government Transfer to Brasilia

Despatch under reference reported certain information supplied by an official of SUMOC regarding estimated costs of transfer of agencies of the Brazilian Government from Rio de Janeiro to Brasilia. To supplement this information and to correct apparently erroneous and misleading information furnished by that official, the subject of the move to Brasilia was discussed on May 16 with Dr. Antonio Fonseca Pimental, Director of the Departamento Administrativo do Serviço Publica, (DASP), an executive agency somewhat similar to the U.S. Civil Service Commission.

There are a total of some 300,000 federal employees in Brazil of whom about 60,000 reside in Rio de Janeiro. Of this 60,000 Dr. Pimentel estimated that only 20,000 would have to be transferred to Brasilia in order to carry out from the new capital the basic policy making and administrative functions of the government. To illustrate, he cited the Department of Posts and Telegraphs which has a very large staff in Rio de Janeiro, only a very small part of which, the Direcção Geral, composes the policy making staff which would need to be transferred to the new capital. Most of the rest of the employees are in the Guanabara regional office.

More than 8,000 employees have already been transferred to Brasilia, the principal categories being 1,500 employees of the Congress (all transfers completed) 500 employees of the Judiciary (all transfers completed) and more than 5,000 civil servants of the various ministries. Dr. Pimentel estimated that an additional 10,000 or 12,000 transfers would be necessary effectively to transfer the government.

Explaining the need for fewer transfers than anticipated,

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FORM 6-61 FS-439 GPO 812896

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NAME OF OFFICER & OFFICE SYMBOL		DATE OF ACTION	DIRECTIONS TO RM/R



Dr. Pimentel said that DASP has been conducting successful experiments in recruiting lower and middle level employees in Brasilia. Many employees have brought with them to Brasilia other members of the family not now gainfully employed who can make satisfactory civil servants. DASP with 250 employees recently recruited 100 satisfactory workers locally and did not have to provide housing for any. Studies indicate a potential employee in every five families residing in Brasilia at present. In any event, no further need to transfer lower level typists, secretaries and custodial help is anticipated since they can be supplied from the population of 200,000 now dwelling in the Federal District. Recruiting on this basis saves not only transfer costs but costs of construction of houses and apartments.

Dr. Pimentel did not underestimate the difficulties involved in moving 10,000 or 12,000 people. As many new dwellings as transfers will be required and he does not believe that private enterprise will make a significant contribution to this construction because of uncertainties created in the public mind by the standstill in government construction last year during the Quadros Administration, which encouraged speculation that the capital would be returned to Rio de Janeiro. He mentioned also the sustained campaign (recently stopped) against the new capital carried on by the Rio de Janeiro press fearful of losing its influence and a more subtle campaign carried on by individuals some honestly concerned about inflationary aspects of the move, and others reluctant to move from the delights of the resort city of Rio de Janeiro to the undeniably less attractive new capital.

Only about 1,000 new dwellings from construction now under way are expected to become available during the present calendar year. The bulk of new construction is expected to be financed by the Social Service Institutes much of it from funds expected to become available when the decision is made to sell the apartments already constructed but presently leased. The Embassy understands that to discourage speculation a decision is being delayed until the to-be-elected Congress meets after March 15 of next year and legislators not re-elected and some employees without rights will be forced to surrender their dwellings to replacements.

As for employment rights of those unwilling to leave Rio de Janeiro Dr. Pimentel stated that no serious problems are expected on this score. Resistence to moving has been surprisingly low among lower and middle level employees and all employees who have refused to come to date have been transferred either to other parts of the agency remaining behind or to other agencies. He was confident that this record would continue.

0234

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DEPARTMENT OF STATE
INSTRUCTION

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NO: A-247, June 2, 1961

SUBJECT: Applications to Register SINTETICO as Trademarks in Argentina

732.172

REF:

TO: American Embassy, BUENOS AIRES

FROM COMMERCE

The Bureau of Foreign Commerce has been advised by the United States Trademark Association that applications have been filed to register SINTETICO as trademarks in Argentina.

The applicant is Hector A. Drozzio, S. R.L., application Nos. 565,826 and 565,827, dated November 10, 1960, published May 15, 1961, and the goods covered are cloth and fabrics in general; knitted fabrics, table linen and underlinen in Class 15; and clothing, footwear, headgear, trimming and lace; millinery, fans, umbrellas, perfumery and fine leather goods in Class 16. The time limit for filing opposition expires June 14, 1961.

We have been advised that SINTETICO is the Spanish word for synthetic and while we understand the the laws and regulations of Argentina prohibit the registration of generic terms, this matter is being referred and the Embassy may, at its discretion, call these applications to the attention of the appropriate officials.

BOWLES, ACTING

732.172/6-261

UNCLASSIFIED

DRAFTED BY: Charles F. Boehm, Director
Commercial Intelligence Div., IVWright

CONTENTS APPROVED BY:
E:REP:MHMitchell:ml 6-2-61

CLEARANCES: FC-2270, 6/1/61

732.172/6-261 LWS

FORM DS-972 3-61

GPO 909828

0235

OUTGOING AIRGRAM

Department of State

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NO. A-103

732.172

JUN 2 8 06 PM '61

Page 1 of 1 Pages

SENT TO: AmEmbassy, BUENOS AIRES

FROM COMMERCE

The Bureau of Foreign Commerce has been advised by the U. S. Trademark Association that applications have been filed to register HOUSEDRESS and SLACK'SBOYS as trademark by Cabeble Hnos S. A., application Nos. 564,690 and 564, 691, dated October 27, 1960, goods covered ready-made and tailor-made clothing, footwear, hats, caps, gloves, millinery, laces, trimmings, fans, umbrellas, perfumery and fine leather goods in Class 16. Time limit for opposition expires June 7, 1961.

View descriptive nature of these terms, request discussion appropriate officials in effort have denied.

Boulis, acting
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(EKN:sh)

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Charles F. Brehm, Director
Commercial Intelligence Div.
Wright, FC-2270, 6/1/61

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0236

W I T H D R A W A L N O T I C E

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NND: 949515

WITHDRAWN: 02/24/95 by: JAS

FOIA RETRIEVAL #: 949515 01584 00005



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732.2/12-560

FOREIGN SERVICE DESPATCH

FROM : Amembassy LIMA — 320 DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. — December 5, 1960 DATE

REF : Despatch No. 314 of December 2, 1960

For Dept. Use Only	ACTION REC'D 12-9	DEPT. RMR-2 INR-7 L-2 E-5 ICA-11 G-1 OTHER CIA-10 USIA-10 Navy-4 NSA-2

SUBJECT: Convening of First Special Session of 1960 Legislature Delayed

The reporting officer has been informed by several members of the Chamber of Deputies, including Deputy Alejandro BELMONT Bar (FPDI-Lima), First Vice President of the Chamber, that the delay in convening the initial special session of the 1960 Legislature, which was to have been inaugurated November 30, has been occasioned by the fact that the 1961 budget is not yet ready for submission to the lower house. Premier Pedro BELTRAN and various Cabinet Ministers are discussing the budget with members of the congressional budget committees, and the special session will be called when these discussions are completed, probably within the next few days.

An opposition member of the Chamber of Deputies, José BARREDA Moller (PDC-Lima) stated that the Administration does not intend to convene the legislature into special session until the budget is ready for submission to debate, in as much as the Government fears that the opposition would take advantage of the interim to attack the Administration.

For the Chargé d'Affaires ad interim:

C. E. Bartch
C. E. Bartch
Second Secretary of Embassy

732.2/12-560

CAA

Enclosures:

1. Memorandum of conversation with Deputy Belmont Bar.
2. " " " " Deputy Barreda

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
DEC 13 1960

POL:CEBartch:es
REPORTER

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0238

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Page 1 of
Encl. No. 1
Desp. No. 320
From LIMA

Memorandum of Conversation

December 2, 1960

Subject: 1961 Budget Discussions Delay Convening of Special Legislative Session

Participants: Sr. Alejandro Belmont Bar, First Vice President of Chamber of Deputies
Mr. C. E. Bartch, Second Secretary, U. S. Embassy

When I asked when the initial special session of the 1960 Legislature would be convened, Belmont replied that he thought it would be inaugurated within the next few days. He said it had originally been planned to call the inaugural session on November 30, but that Premier Beltran and various Cabinet Ministers were still discussing the 1961 budget with members of the congressional and budget committees. When these discussions have ended, Belmont said, the special session will be convened.

POL:CEBartch:es

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Page 1 of
Encl. No. 2
Desp. No. 320
From LIMA

Memorandum of Conversation

December 2, 1960

Subject: First Special Session of 1960 Legislature

Participants: Sr. José Barreda Moller (PDC-Lima)
Mr. C. E. Bartoh, Second Secretary, U. S. Embassy

When I asked when the initial special session of the 1960 legislature would be convened, Deputy Barreda replied, "November 30". I said that was the date I had heard from a number of sources.

Barreda explained that the 1961 budget is not quite ready, and that the Administration, for political reasons, did not wish to convene the Congress into special session until the budget could be submitted for debate to the Chamber of Deputies. He intimated that the Administration was afraid that if Congress were convened before the budget were ready, the opposition in the legislature would take advantage of the interim to attack the Government.

POL:CEBartoh:es

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Control: 5001
Rec'd: July 7, 1962 10 39
5:32 p.m.
ACTION:
INFO:
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RIO 47

FROM: Rio de Janeiro

TO: Secretary of State

NO: 44, July 5, 5 p.m.

PRIORITY

Following from Brasilia

(1) Attorney General today sent request Supreme Court for ruling constitutionality Ato Adicional (amendment establishing parliamentary system). Could also request stay requirement that President nominate Prime Minister three days after resignation outgoing Prime Minister. If President not make such request or if request not granted, nomination will have to be made by early afternoon Saturday.

(2) Presidential and PTB mouthpiece ULTIMA HORA has begun all-out campaign against parliamentary system calling for return full powers to President. Similar line being followed by other Presidential supporters. Campaign directed by President's press secretary source ULTIMA HORA says. Number large unions have declared 24 hour strike (called before resignation Moura Andrade) and transportation services reportedly paralyzed Rio and Santos. Partially effective strikes other industries and other places. Strikes proceeding despite call from President to desist though we do not know how serious desist order was meant be taken.

(3) Brasilia continues calm although all commercial flights in and out of capital stopped by strike. However, deputies and senators are returning Brasilia on air force planes.

(4) Before request for ruling was transmitted Supreme Court commanders first four armies reportedly had pledged support to legality and

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0241

legality and constitutionality President's actions, which generally interpreted as meaning his right as commander in chief, to name military ministers.

(5) Request for Supreme Court ruling seems to have been precipitated by clash with Moura Andrade basis for which it is becoming more apparent was less disagreement over cabinet than failure Prime Minister follow through on agreement call for plebiscite on parliamentary system soonest. Supreme Court decision favorable to President would be far less popular than victory by plebiscite.

(6) Presidential actions are causing grave concern to congress and doubtless to numerous military and other groups and individuals, concerned not only that he may recover full powers but how far beyond that intends to go. The President, however, very carefully following legal procedures and is attempting to give impression that is doing everything possible hold extreme left elements supporting him in check.

(7) Drama begun with nomination San Tiago Dantas may well end quicker than anticipated with President enjoying full powers. It is not impossible either that he can overplay his hand and find himself out of office. There is little doubt that his position vis-a-vis the military and labor unions considerably stronger than was that of Quadros when he resigned expecting to be called back with larger powers by popular acclaim. The situation today is, of course, potentially more dangerous as Goulart continues his high stakes play for full powers.

(8) Whether he intends try for dictatorship as some fear, remains to be seen but most of his support in military can be expected rapidly disappear should try be made.

GORDON

LM:HC

Note: Message delayed in transmission.



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Rec'd: July 7, 1962
5:13 p.m.

ACT IN:
INFO:
RM/R FILES

FROM: Rio de Janeiro

TO: Secretary of State

NO: 40, July 5, Midnight

ACTION DEPARTMENT 40, INFORMATION BRASILIA 2.

Apropos reports Goulart and Attorney General seeking Supreme Court voiding parliamentary amendment, Governor Lacerda states has firm information from yesterday's private meeting Supreme Court that judges regard validity a closed question.

GORDON

LM:HC

732.2/7-562
732.31

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ENTRY: CDF60-63

TAB #: 6

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W I T H D R A W A L N O T I C E

RG: 059 TAB #: 7

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DEPARTMENT OF STATE

AIRGRAM

732.00/7-1062
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A-29 NO.

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HANDLING INDICATOR

TO : Department of State

FROM : Amembassy RIO DE JANEIRO DATE: July 10, 1962

732.00/7-1062

SUBJECT : Brazilian Elections 1962 - Report No. 13 - Court Decision Forces Elections of Guanabara State Legislature in October

REF : Despatch 891, May 14, 1962; Despatch 1080, May 9, 1960; Weeka 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, or Municipal Council, into the new Legislative Assembly after the promulgation of the Constitution.

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FORM DS-323 4-62

Drafted by: POL:FMicelotta:rpc

Concepts and Classification Approved by:

Clearances:

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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,

0247

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DEPARTMENT OF STATE

AIRGRAM

732.2/8-162

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A-129 NO. | CONFIDENTIAL | AIR POUCH HANDLING INDICATOR

TO : Department of State

DEPARTMENT OF STATE BUREAU OF INTER-AMERICAN AFFAIRS AUG 6 1962

FROM : Amembassy, Rio de Janeiro DATE: August 1, 1962

SUBJECT : Procedures of Brazilian Parliamentary Government Defined

REF :

Summary

The recently-promulgated "complementary law," which spells out the legal procedures to be followed under the parliamentary form of government, is an important piece of legislation both because it helps to institutionalize the new (and still shaky) regime and because it subtly strengthens the hand of Congress vis-à-vis the President in several ways. Should the parliamentary form of government survive until the installation of the next Congress, the new legislation could prove to be a significant weapon for the parliamentarians in their running battle with the President for control of the machinery of government, and, even if the Brazilian system should (as many believe) ultimately revert to presidentialism, the provisions of the new law which spell out the procedures for delegation of legislative powers will be of particular importance next month, given the present Council of Ministers' announced determination to request such powers in the near future.

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I. The "Complementary Law"

Enclosed with this airgram is an informal translation of the full text of the so-called "complementary law" or more specifically, the law which spells out the legislative

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processes to be followed under the parliamentary form of government which was adopted last year by means of constitutional amendment (the amendment itself being popularly known as the "Additional Act"--and so referred to in the frequent references made to it in the complementary law.)

II. A lengthy Legislative History

Considering the fact that the parliamentary form of government was introduced (albeit abruptly) into Brazil some 10 months ago, it might at first glance seem strange that the Brazilian Congress required so long to complete its first attempt to adapt the staunchly presidential forms of Brazilian governmental procedure to the exigencies of the new regime. In part, this unseemly delay reflects the controversy which surrounded the "complementary law" when first it began its journey through the halls of Congress. For in those turbulent initial days of the parliamentary regime, the power to enact additional "complementary" legislation (which was included in the Additional Act) was looked upon by many in Congress as a means not only of removing some of the ambiguities of the hastily-drawn constitutional amendment itself but as an excellent opportunity to strengthen the (legally somewhat ambiguous) hand of the Prime Minister vis-à-vis that of the President, i.e., to make Brazilian parliamentarianism function in a manner more akin to that of the true classical mould established by its French ancestors. Inasmuch as a combination of fierce (and effective) presidential opposition and a presidentially-inclined Prime Minister[1] soon resulted in a "compromise" bill (drafted in Chamber committee) which, in fact, removed all the provisions to which the President had objected, however, this impediment was not effective for long. Therefore, the fact that the bill continued long to languish in Chamber, and then Senate, committee must be attributed to natural congressional inertia. Indeed, the bill probably still would not have become law

1 Who was wont, in his public utterances at that time, to repeatedly emphasize the "hybrid" character of Brazilian parliamentarianism, which he defined as a sharing of executive power and responsibility by the Prime Minister and President. Though this was an attitude which infuriated both the doctrinaire parliamentarians and the Congressional enemies of President Goulart, it was, in fact, more representative of majority opinion than the extremist attitudes of those two groups--for as Federal Deputies Etelvino Lins and Pedro Aleixo pointed out in their proposal for a limited constituent assembly (Embassy Despatch 907 of May 16, 1962)--the ambiguities of the Additional Act were only partially due to the haste of its drafting, the remaining uncertainties arising from compromise between the views of the doctrinarians and those who remained convinced advocates of the presidential system but accepted the new system because it seemed the only way to avoid civil war at the time.



had not the recent political crisis (with its emphasis both on the procedures of parliamentarianism and the President's drive to regain full power) once again cast the problem in terms of urgency, while at the same time providing the unusually large quorum which greatly facilitated final congressional passage (achieved on July 17).

To Elect a President

Though the controversy was thus largely removed from the new law, it nonetheless contains a variety of significant provisions. First, it spells out the procedure to be followed by the Congress in electing the President of the Republic--as is its prerogative under the parliamentary form of government. Though there is nothing which is substantively unique about these provisions (essentially they provide that the President shall be elected by an absolute majority of the two houses sitting in joint session, while leaving unchanged the present constitutional provisions as to ineligibility and succession), it is significant that the Congress has thus taken a step toward institutionalizing a procedure which in the long run may lay the basis for Congressional predominance of the federal government.[2]

The Council of Ministers: Its Formation and Powers

The next six sections deal in one way or another with the Council of Ministers and its powers. The following provisions would appear to be noteworthy. First, the general decree power of the Prime Minister is made explicit. Secondly, several procedural questions relating to the formation of the Council are spelled out. Though these provisions do not by any means answer all the procedural questions which arose during the recent change of cabinets, they do help. Thus, the new Cabinet is enjoined to appear before the Chamber within five days of its nomination in order to present its program of government and receive (or not receive as the case may be) the Chamber's blessing. (This was a point over which the Chamber wrangled for 5 hours before approving the da Rocha Cabinet, in the physical absence of some of its members.) The Cabinet is also required by the new law to spell out (within 60 days of its

2 There are, of course, many observers who believe that Congress will never come to elect a president, the system (in their view) being bound to revert to presidential form prior to 1965, probably via the plebiscite provided for by the Additional Act. Others, however, are by no means certain that this will be the case, particularly should the new Congress be elected and installed in office on schedule.

installation in office) the "legislative measures" it deems necessary to enactment of its program of government. And finally, the new law provides machinery for the presentation of legislation by the Council of Ministers (an occurrence heretofore legally impossible because the legal framework of the presidential system of government provided for the introduction of legislation only by the President of the Republic or by the members of Congress themselves.)

Interpellation and Questions of Confidence

The new law devotes three sections to the subject of questions, interpellation, and motions of confidence and censure--all essential ingredients of the parliamentary system (indeed, the law terms them "specific means of parliamentary control of the Council") which to date have been missing from the Brazilian scene. Several of these provisions may prove to be important. First, it is specifically stated that interpellations will lead to debate "which will end in a vote"--a provision which, had it been in force at the time, might well have brought on a vote on Santiago Dantas' foreign policy in February (i.e., immediately following the Punta del Este Conference) rather than in June (when the intrusion of other matters created a more propitious atmosphere for the foreign minister) as proved to be the case. Second, the new law clarifies some of the ambiguities of the Additional Act concerning the questions of Congressional confidence in the Council, or lack thereof. Thus, motions of confidence (which, it is specified, may be posed by the Council on any question) need carry by only a simple majority (though if the motion fails of this majority, the Council must fall). And, finally, the law strengthens the Congress' position vis-à-vis the President by stating that Congress may be dissolved by the President within the terms of the Additional Act (which specifies such dissolution should the Chamber overthrow three Councils) only if the Chamber has thrice refused its confidence to (and thus brought down) three Councils within eighteen months.

Delegation of Powers

One of the most important sections of the law, given the current political situation, is that dealing with delegation of legislative powers. In general, these provisions may be characterized as restrictive. Thus, the Council's request must be accompanied not only by a juridical justification but an explanation of how any resultant expenses are to be covered. In addition, such grants of power must be approved by an absolute majority in both houses of Congress, are limited to 30 days validity, and are revokable (at the motion of any member of Congress) by only a simple majority vote.

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The Federal Budget

The section of the new law dealing with the budget also contains several significant innovations. Thus, the Chamber, in effect, is authorized to write its own budget should the Council of Ministers fail to produce one on schedule (i.e., by May 15). Second, the budgets of the autarchies and semi-public entities are now to be included in the over-all budget. Thirdly, any amendment to the proposed budget which would result in an increase in public jobs, and does not receive the blessing of the Minister of Finance, must receive an absolute majority of votes to be approved. Finally, the Chamber must complete action on the budget by August 31 and the Senate by October 31, whereas the present deadline for both houses is November 15.

Conclusions

Obviously, the enactment of the "complementary law" is an important step toward the consolidation of the parliamentary regime, both because it institutionalizes many of the essential forms of the (for Brazil) new form of government and because, in several ways, it subtly advances the interests of the Congress in the struggle for power with the President which has inevitably resulted from the confusion and ambiguity of the Additional Act. It is equally obvious, however, that the new law will mean only as much as its congressional sponsors are able to make it mean. Thus, it could well become (together with the entire parliamentary system) a dead letter, should President Goulart succeed in his present ambition to restore the presidential system of government. The answer to the question of whether the President will succeed in this effort (which is, of course, the essence of present-day Brazilian politics) is, of course, beyond the purview of this report. Nonetheless, it should be noted that, should Goulart fail in his efforts to force the present Congress to vote to hold a plebiscite on the question of presidentialism vs. parliamentarianism and/or grant limited constituent powers to the next Congress (with essentially the same end in mind), the new law should provide the forthcoming Congress (which it is generally believed will be much more forceful in asserting its position than is the present Congress) an important weapon for dealing with the President. And, even should Goulart be ultimately successful, the provisions of the new law pertaining to delegated legislative power will be almost immediately called into play, since Prime Minister da Rocha has repeatedly emphasized the new Cabinet's intention of requesting such powers from the Congress as soon as it returns from its present de facto recess on August 6.

For the Chargé d'Affaires, a.i.:

Harry A. Quinn
Second Secretary of Embassy

Approved:

Philip Raine
Political Counselor

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Enclosure:

Unofficial Translation,
Law 3606 of July 17, 1962, Elaborating
Legislative Provisions of Parliamentary
Form of Government.

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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Unofficial Translation
Law 3606 of July 17, 1962 Elaborating
Legislative Provisions of Parliamentary Form
of Government

Title I

Preliminary Dispositions

Art. 1 The Legislative and Executive Powers, /though/ separate, function, vis-à-vis each other, in a collaborative manner, and are, in relation to the Judiciary Power, independent and harmonious.

Title II

On the Election and Substitution
of the President of the Republic

Art. 2 The election of the President of the Republic shall take place thirty days prior to the termination of the presidential term /in office/ or, the office becoming vacant, fifteen days after the vacancy occurs. In the second case, as well as in the first, the /individual/ elected will exercise the /powers of/ office for five years.

Only Sub-Paragraph: In either of these instances, the National Congress will be convened for /the purpose of/ the election by whomever holds the position of President of the Federal Senate, by means of a notice published in the official gazette, which will consist of the date and hour of the session.

Art. 3 The session, under the direction of the Directorate /"Mesa"/ of the Federal Senate, will be opened at the announced time and, as soon as the presence of a majority of congressmen is verified, the /roll/ call for the vote will begin.

Art. 4 The following /rules/ will be observed during the voting.

(a) the congressman /when his name is/ called, will receive an empty opaque envelope, and will enter into a closed booth;

(b) next, he will place the ballot of his choice in the envelope he has received;

(c) upon leaving the booth, he will exhibit the closed envelope to the Directorate and, upon its being verified that it is the same envelope he received, will deposit it in the ballot box.

1st Sub Paragraph: Before the ballot box is opened, any member of Congress may vote who did not do so when his name was called.



2nd Sub Paragraph: The envelopes distributed must be rigorously uniform.

3rd Sub Paragraph: The roll call having been completed and an absolute majority of the members of Congress having voted, the Directorate, in the presence of one Senator and one Deputy /who have been/ invited to be witnesses, will proceed to the vote count ("apuracão").

4th Sub Paragraph: The President of the Directorate will open the envelope and read each vote, the counting and tallying of the votes read falling to the secretaries and the witnesses.

5th Sub Paragraph: The candidate who obtains the vote of an absolute majority of the members of the National Congress will be considered elected.

6th Sub Paragraph: If none of the candidates obtains an absolute majority, the election will be repeated.

7th Sub Paragraph: If, after two votes no candidate obtains the absolute majority of the voters, the election will continue in a new session; set for the following day, the voting continuing until a candidate achieves it /i.e., an absolute majority/.

8th Sub Paragraph: The result of the election having been proclaimed, the session will be suspended for the time necessary to prepare the act /of election/, which, when the session is re-opened, will be submitted for the approval of the congressmen, independent of /considerations of a/ quorum.

9th Sub Paragraph: Prior to the closing of the session, the president of the Directorate will convoke the National Congress for the session of installation of the President of the Republic.

10th Sub Paragraph: The act /i.e., official record/ of the electoral session will register the names of the congressmen who voted and of those who failed to vote.

Art. 5 Votes given to ineligible /persons/ and divergent ballots contained in the same envelope will be considered null.

Art. 6 The session of election of the President of the Republic can be devoted only to material related to this subject.

Art. 7 In cases of impediment of the President or vacancy of the Presidency of the Republic, the President of the Chamber of Deputies, the President of the Federal Senate and the President of the Federal Supreme Court will be successively called to the exercise of the Presidency.



Title III

Provisions Concerning the Formation of the Council of Ministers

Art. 8 The Federal Senate, when it has to nominate the President of the Council of Ministers must do so within a maximum period of three days, to be counted from the final refusal of approval of the name presented under the terms of Article 8 of the Additional Act.

Art. 9 The Council of Ministers will appear before the Chamber of Deputies within five days, at the maximum, of its appointment in order to present its program of government.

Art. 10 The program having been presented and the Chamber of Deputies' confidence expressed in the Council of Ministers, the President of the latter will within a period of sixty days, indicate, in a message to the National Congress, what the legislative measures are which are believed necessary to the realization of the program.

Only Sub Paragraph: Delegation /of power/ to legislate on the legislative measures requested, can be immediately provided, in exceptional circumstances, within the terms of Articles 30 and 31.

Art. 11 At the beginning of each legislature, a new Council of Ministers will be formed, Articles 8, 9 and 10 of the Additional Act being observed.

Title IV

Provisions Concerning the Ministers and Undersecretaries of State

Art. 12 It is within the competence of the President of the Council of Ministers to issue decrees and regulations /to assure/ the faithful execution of the laws.

Art. 13 It is within the competence of the President of the Council of Ministers to designate the Minister who will substitute for him during his periods of impediment.

Art. 14 The Ministers cannot hold any other public office nor /can they hold/, either directly or indirectly, the directorship or management of a private business.

Art. 15 The essential requirements for investiture as Under Secretary of State are:

I. to be Brazilian (Art. 129, I & II of the Constitution)

II. to be in possession of political rights



III. to be an adult of 25 years of age

IV. to not be related, up to the third degree /removed/, to any member of the Council of Ministers.

Art. 16 In addition to the attributes which may be conferred upon him by the Minister, it is within the competence of an Under Secretary of State:

I. to substitute for the Minister during his occasional impediments;

II. to appear before either of the houses of the National Congress, or their committees, as the representative of the Minister;

III. to be responsible for the routine business of Ministry, upon the resignation of the Council of Ministers, and while a new /Council/ has not been formed.

Art. 17 The dismissal of the Under Secretary of State, /upon being/ proposed by the Minister, will be granted by the Council of Ministers.

Art. 18 The members of the Council of Ministers will receive monthly remuneration equal to the salaries of the members of Congress, including both the fixed and variable portions.

Art. 19 The Under Secretaries of State will have salaries corresponding to two-thirds of the salaries of the Ministers.

Art. 20 The provisions of Art. 51 of the Constitution are extended to a deputy or senator serving in the function of Under Secretary of State.

Title V

On Requests for Information, Oral Questions and Interpellations

Art. 21 /The following/ are specific means of parliamentary control of the actions of the Council of Ministers:

(a) in the two houses of Congress, the request for information and oral questions

(b) in the Chamber of Deputies, interpellation

1st Sub Paragraph: The request for information, the oral question and interpellation are /a result of/ individual initiative.



2nd Sub Paragraph: To a request for information, made in writing, an answer will be given by the competent Minister within a period of thirty days.

3rd Sub Paragraph: An oral question, informally composed, will be communicated to the Minister queried, who will reply to it orally. The questioner, if the reply is not considered satisfactory, can object, giving grounds for a new reply. The time for an objection will not exceed five minutes and that for each reply, fifteen minutes.

4th Sub Paragraph: Interpellation, which it is understood is always directed to the Council of Ministers, will be presented in writing. For questions of a special nature, the competent Minister will be interpellated. For those of a general nature, the President of the Council of Ministers. The individual being interpellated having been informed of the general terms of the interpellation, and, except in cases of agreement /having been made to the contrary/ the minimum period of 48 hours having expired, the interpellation will be placed in the Daily Agenda ("Ordem do Dia") and will lead to a debate which will end with a closing vote. This vote may be either simple or involve political considerations.

Title VI

On Motions of Confidence and Censure and on the Question of Confidence

Art. 22 A motion of confidence, in the case /foreseen by/ the only sub-paragraph of Art. 9 of the Additional Act, will be approved by a majority of votes, a majority of the members of the Chamber of Deputies being present.

Art. 23 A question of confidence may be placed before the Chamber of Deputies not only within the terms of Art. 13 of the Additional Act but also with regard to voting on the budget, or on any other proposal.

1st Sub Paragraph: In one or in the other of these cases, the question of confidence is posed by the President of the Council of Ministers.

2nd Sub Paragraph: In the first case, it will relate to a particular attitude, of a political nature, of the Council of Ministers. Confidence will be manifested by a majority of votes, a majority of the members of the Chamber of Deputies being present.



3rd Sub Paragraph: In the second case, a vote contrary to the point of view manifested by the Council of Ministers will be interpreted as a refusal of confidence.

Art. 24 A motion of lack of confidence or of censure having been approved by an absolute majority of votes, or confidence having been refused, the President of the Chamber of Deputies will communicate this decision, by official note, to the President of the Republic in order that dismissal may be carried out within the terms of Art. 3, Title I, of the Additional Act.

Art. 25 In cases /covered by/ Articles 9 (only sub paragraph), 12 and 13 of the Additional Act, the vote cannot be secret.

Art. 26 A situation justifying the dissolution of the Chamber of Deputies within the terms of Art. 14 of the Additional Act will only occur if the three cases of negation of confidence occur within a period of eighteen months.

Title VII

On the Treatment of Bills Initiated by the Council of Ministers

Art. 27 A project of law initiated by the President of the Council of Ministers will receive the following treatment:

(a) a special committee will be set up in each of the houses of the National Congress and it is before this /committee/ that senators and deputies will, during its meetings, present their amendments;

(b) the amendments having been accepted or rejected, the rapporteur will accept the project or work up a substitute, the proposal which the committee adopts being sent to the plenary and submitted to only one discussion;

(c) the author of an amendment partially or totally rejected can request that it be brought to the attention, and subjected to the consideration, of the plenary;

(d) the vote having terminated, the project will be sent to the special committee for final drafting.

Title VIII

On Delegated Legislation

Art. 28 The President of the Council of Ministers can request of the National Congress the delegation of powers /in order to/ legislate.



Art. 29 The request for delegation must contain the following elements:

(a) the contents, the object and the extent of the delegation;

(b) the juridical basis of the projected law;

(c) the estimate of the expenses which may occur /as a result of the proposed legislation/ and an indication of the means for meeting them.

Only Sub Paragraph: The request will be considered in each house of the Congress by a special committee.

Art. 30 The delegation must be made by legislative decree approved by an absolute majority of the members of the two houses of the National Congress.

Art. 31 The legislative decree referred to in the previous article will state the limits and conditions of the delegation.

Art. 32 On the basis /of a contention/ that the delegation has been exceeded, any member of congress can, within the ten days following the publication of the law, propose that it be totally or partially revoked.

Only Sub Paragraph: If the law be published during the period between legislative sessions, the period foreseen by this article will be counted from the day on which the National Congress meets.

Art. 33 The proposal of revocation will be subject to one discussion only, will take place under rules of urgency, will be considered approved if it obtains a simple majority in the Chamber of Deputies and the Federal Senate, and can be approved either partially or totally.

Art. 34 The creation of taxes, emergency currency issues ("emmissoes de curso forcado") and matters of the exclusive competence of the National Congress cannot be made the object of a delegation of powers.

Art. 35 A delegation of legislative powers must, upon pain of its becoming invalid, be used within a period of thirty days, to begin upon the date of publication of the legislative decree which concedes them.

Art. 36 The following formula will be used by the President of the Republic for the promulgation of the delegating law: "I hereby make it known that, by means of the delegation conceded by legislative decree No. ____, I decree the following law:

Art. 37 Without prejudice to the cases referred to in Art. 67 (and



its paragraphs) of the Constitution and in Art. 18, Title I, of the Additional Act, the proposals for revocation (Art. 33 above) will be shelved ("arquivado") in the following instances:

(a) if it is considered invalid by two-thirds of the special committee in the house of Congress in which it is presented;

(b) if it is not approved by the Chamber of Deputies and by the Federal Senate within forty days of the date of its presentation.

Art. 38 Save in cases when dispositions to the contrary are provided for by the legislative decree which grants the delegation /of powers/, the law /resulting from the/ delegated /powers/ must enter into force within a period of not more than forty-five days.

Title IX

Provisions Concerning the Budget

Art. 39 The President of the Council will send to the Chamber of Deputies by May 15 of each year the proposed budget for the Nation for the following year. (Art. 18, Title VI, of the Additional Act)

1st Sub Paragraph: The budget proposal not having arrived at the Chamber by the date established in the article, the proposed budget shall be that elaborated by its /the Chamber's/ competent body within a period of thirty days, on the basis of the budget in force, /which budgetary proposal will be submitted to the Congress/ for discussion and approval within the norms prescribed for that proposed by the Council of Ministers.

2nd Sub Paragraph: The budgetary proposal must faithfully translate the objectives of the program of the Council of Ministers /as/ approved by the Chamber of Deputies.

3rd Sub Paragraph: In order /to assure/ the carrying out of the provisions of the previous paragraph, the Council of Ministers will draft a report of the proprieties to be observed in the budgetary proposal.

Art. 40 The directing bodies of autarchical or semi-public entities, including those of social security or /those/ invested with delegated powers for the collection of revenues on behalf of tax collectors of the union, will, by January 31 of every year, submit to the specialized organization of the Ministry under whose jurisdiction they fall, the budgetary proposal for the following year, /together/ with all data necessary to consideration thereof.

Art. 41 Organized in accordance with the norms which will be

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applicable to them, relative to the general budget of the Federal Government, the budgetary proposals of the organizations referred to in the previous article will be annexed to the general budget and sent to the Chamber of Deputies, within the terms of Art. 39.

Art. 42 The budgetary proposal must be approved by the Chamber of Deputies by August 31 and by the Federal Senate by October 31.

Art. 43 When the voting on every annex is concluded by the competent committee of the Chamber of Deputies, the president [of the committee] will inform the President of the Council of Ministers, via the Directorate ("Mesa") of the Chamber, of the modifications of the budgetary proposal, and the same procedure shall be followed with regard to the alterations which are made in the Federal Senate.

Art. 44 An amendment which increases the number of jobs and has the opposition of the Minister of Finance shall only be considered approved if it obtains an absolute majority of votes.

Title X

Special Provisions Pertaining to Rules of Procedure

Art. 45 The daily agenda ("Ordem do Dia") in the Chamber of Deputies and in the Federal Senate will be organized by the respective Presidents [of these bodies] and, in it, will figure with priority the proposals initiated and indicated by the Council of Ministers.

Art. 46 Voting will always be secret when it concerns the creation of public jobs or emoluments, increased salaries or other material related to the interests of public employees, either civilian or military, members of any of the Powers of the Federal Union, excepting only the remuneration of deputies and senators.

Title XI

Various and Final Provisions

Art. 47 The principles of the parliamentary system of government shall not be extended to the municipalities.

Art. 48 Projects of law which would result in an alteration of public spending or receipts will be submitted in advance by the Directorate of the Chamber of Deputies or that of the Federal Senate, for the examination of the Minister of Finance, who will opine, within an fixed period of no longer than fifteen days, as to the appropriateness of the proposed measure in relation to the situation of the Treasury.



Art. 49 No public servant, civilian or military, or official of the judiciary whether in active service or not, shall receive, under any heading, including expenses and emoluments, a quantity /of money/ greater than the remuneration of a Minister of State.

Art. 50 Provisions to the contrary are revoked, particularly those of Law 1,395 of July 13, 1957.

Art. 51 This law shall enter into effect on the date of its publication.

Translation by HQuinn

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DEPARTMENT OF STATE

AIRGRAM

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TO : Secstate WASHINGTON

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DEPARTMENT OF STATE
ANALYSIS & DISTRIBUTION BRANCH
AUG 13 1962

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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constitutional amendment (the Ato Adicional[1]) 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 strategem 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 Administrations 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 emendor" 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,

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1 The full text, unofficially translated is contained in the Embassy's Airgram A-101 of September 3, 1961.

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and (2) on the Tribunal's competency under Article 119(IV) since the Ato Adicional does not specifically set a date for the plebiscite.

The majority views centered on giving a narrow interpretation to the Tribunal's power. "The judiciary cannot grant that which is prohibited nor can it deny that which is permitted...we cannot say that the date for the plebiscite is anything else but nine months prior to the termination of the current Presidential term, when this is exactly expressed in law..."[2] If the law is defective, inappropriate, not in the national interest...the solution is not ours /but/ exclusively in the hands of the Legislative Power which is not prevented by any law from modifying Article 22 and 25 /of the Ato Adicional/."

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2 The reference is to Article 25 of the Ato Adicional which reads in part "...the plebiscite /should Congress decide to have one/ must be held 9 months before the end of the current Presidential term." Since that term ends in January 1966, the minority's claim that the date is not specified appears to be little more than playing with words.

For the Ambassador:

Harry Weiner
Second Secretary of Embassy

APPROVED:

Philip Raine
Counselor of Embassy
for Political Affairs

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DEPARTMENT OF STATE

AIRGRAM

732.00/10-962
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TO : Secstate WASHINGTON 1962 OCT 12 AM 10 51

RM/AH
ANALYSIS & DISTRIBUTION
BRANCH

FROM : Amembassy BRASILIA Office DATE: October 9, 1962

SUBJECT : The September Political Crisis

REF :

Summary

The crisis surrounding the Congressional concentrated work session of September 10-15 was a direct continuation of the August crisis, (A-244). It grew out of the attempt by the UDN, aided by parts of the PSD and the smaller parties, to renege on the agreement of August 17, which, to the Goulart Administration, meant a plebiscite on presidentialism vs. parliamentarism by April 15, 1963. The deepening and prolongation of the crisis forced Goulart into a corner from which he had either to force the Congress to knuckle under or be defeated by it. Although the strength of his support among the military was not much greater (if at all) than it had been in July and August, and the general strike of September 15 proved much less effective than that of July 5, the addition of other factors was able to brow-beat the conservative forces in Congress: their fear of the postponement of the October 7 elections, into which they had already invested much money and in which they have high hopes of victory, and the all-out effort by Juscelino Kubitschek to break up PSD opposition to granting a plebiscite. The solution, a January 6 "referendum" on presidentialism, is without doubt a clear victory for Goulart.

- o -

CONFIDENTIAL

FORM 4-62 DS-323

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Drafted by: HWeiner:jw | Contents and Classification Approved by: PRaine

Clearances:



1. The August 17 Agreement: A Prime Minister Duped

Late in the afternoon of August 17, the last scheduled day of an "esforço concentrado" (concentrated Congressional work session), with the Prime Minister's request for 22 delegated powers[1] dying in committees or on the Chamber floor, and the appearance of an unclosable cleavage between the President and the Congress becoming more and more real, a "compromise agreement" was suddenly and dramatically announced by the President of the Chamber. The architects of the agreement were said to be Minas Gerais Governor Magalhães Pinto, Menzes Cortes, leader of the UDN in the Chamber, and Prime Minister Brochado da Rocha. The agreement was generally supposed to mean that (1) another "esforço concentrado" would be called for September 10-15 at which the Oliveira Brito Amendment (A-164 and Embtel 422) would receive the required two-thirds vote to pass the Chamber and Senate; (2) the new Congress convening in February 1963 would decide on whether or not to abandon the parliamentary system. Should it decide to retain the system, or should it take no action, a plebiscite on the question would be held on April 15, 1963; (3) Should the Congress abolish the parliamentary system, a plebiscite would nonetheless be held sixty days after such a decision. Thus, President Goulart was left with the impression that the most probable course of events would be an April 15 plebiscite on the presidential vs. parliamentary systems, with the less likely possibility that the Congress would abolish the parliamentary form, with such action to be rubber-stamped by a plebiscite sixty days later. The agreement was to be embodied in additional paragraphs to the Brito Amendment. No text of the agreement was made public. Only on September 6, almost three weeks later, when newspapers for several days had been suggesting that the additional wording, as agreed to by the Prime Minister, had quite a different meaning, was a text published. It was released to reporters by its drafter, Menzes Cortes and it quickly showed how thoroughly Brochado da Rocha had been taken in. (The Prime Minister made no attempt to deny that he had so agreed. On September 13 during his resignation speech to the Chamber, he was interrupted by Menezes Cortes and asked directly whether he had indeed made the agreement. Brochado admitted that he had.) The

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1 Three delegated powers were granted by the Congress. One created two ministers without portfolio; the second gave the Administration the right to act to control the national food supply and food price structure, and the third created a federal cattle-raising research fund.



32

INCOMING TELEGRAM *Department of State*

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Control: 3583
Rec'd: January 7, 1963
10:23 p.m.

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FROM: Rio de Janeiro

TO: Secretary of State

NO: 1277, January 7, 7 p.m.

PRIORITY.

ATTENTION ARA/EST WELLMAN OR BURTON.

Embassy in receipt following telegram from Minister Braddock:

"Paulo Ayres Filho informs me Jose Ermirio Moraes will be Baltimore January 7 to 19 at Hotel Sheraton Belevedere and anxious talk with President or other high US official. Stated purpose to convince US he not pro-Communist as represented during Pernambuco senatorial campaign. Ayres shares Consulate General's doubts of Moraes but says he definitely pro-US although unfriendly to US business in Brazil. Ayres believes Moraes influential in new Senate and to our advantage lead him into making anti-Communist statements in US. Ayres therefore hopes Moraes will be recieved by some high US official. Consulate General transmits without recommendation."

Embassy Comment: Ample biographical data Moraes Department files. See also Sao Paulo despatch 369 April 6, 1961. Ayres member IPES Council. Embassy recommends Moraes be invited visit Department. To include call on Assistant Secretary Martin if possible.

GORDON

Rio-1277

033.3211/1-763 MP 32.2

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FROM: BRASILIA

TO: Secretary of State

NO: 32, JANUARY 22.

PRIORITY

ACTION DEPARTMENT 32, INFORMATION RIO DE JANEIRO 145.

CHAMBER OF DEPUTIES ON FIRST VOTE (TWO REQUIRED) AT 5:20 PM JANUARY 22 APPROVED SENATE'S DRAFT AMENDMENT TO CONSTITUTION REVOKING 1961 ATO ADICIONAL, WHICH ESTABLISHED PARLIAMENTARISM. VOTE WAS 260 TO NONE, WITH ONE ABSTENTION. SECOND VOTE EXPECTED SOME TIME AFTER 9:30 PM, WILL PROBABLY CONFIRM AMENDMENT.

ACCORDING CONSTITUTION, "AMENDMENT SHALL BE PROMULGATED BY OFFICERS (MESAS) CHAMBER OF DEPUTIES AND FEDERAL SENATE. PUBLISHED WITH OFFICERS SIGNATURES, SHALL BE ANNEXED, WITH PROPER SEQUENTIAL NUMBER, TO TEXT CONSTITUTION".

FOLLOWING THIS PROCESS OF PROMULGATION, WHICH PRESUMABLY WILL BE COMPLETED JANUARY 23 OR 24, PRESENT HERMES LIMA CABINET EXPECTED DECLARE ITSELF DEFUNCT AND WAY WILL BE OPEN FOR PRESIDENT GOULART TO NAME PRESIDENTIAL CABINET.

KEPPEL

BAP

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732.21/3-961

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OUTGOING TELEGRAM

INDICATE: ☐ COLLECT ☐ CHARGE TO

Department of State

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Classification

1961 MAR 9 PM 3 45

04308

SENT TO: Amembassy, RIO DE JANEIRO 1195

Origin

Info

Following requested by telegram for monitoring Quadros' broadcast opening Congress: Date, hour, place, station (frequency), whether live or rebroadcast.

RUSK

732.21/3-961

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732.21/3-961
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Drafted by: INR/CS/ICD:DSimmons 3/9/61

Telegraphic transmission and classification approved by: INR/CS/ICD:FRBerg

Clearances:

ARA - Mr. Jackson W. Wilson

CAY/ S/S-CR

MAR 9 1961 PM

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1961 MAR 14 AM 7 35

INR COMMUNICATIONS CENTER

Control: 1189
Rec'd: March 13, 1961
7:27 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1189, March 13, 4 p.m.

PRIORITY

Reference: DEPTEL 1195, March 9.

Quadros congressional address originates live Brasilia March 13 at 19:30 EST. Carried country-wide radio and Rio-Belo-Sao Paulo-Brasilia TV network. Shortwave frequencies: Radio Nacional, 11720,11850; 9720, 6147 KC; TUPI 6115, 9610, 15370 KC: Difusora 11765, 15155 KC; Marajoara Belem 15245 KC.

Can feed point-to-point following President Kennedy feed if desired.

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FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 1208, MARCH 15

ACTION: ESAM
INFO: awaiting file
RM/R FILES _____ 3/14/61

PRIORITY

PRESS SUMMARIES DATELINED BRASILIA STRESS FOLLOWING POINTS IN QUADROS' STATE OF UNION MESSAGE (READ TO CONGRESS TODAY) (1) HE INHERITED COUNTRY WHOSE POLITICAL-SOCIAL STRUCTURE SERIOUSLY THREATENED BY ITS UNEVEN ECONOMIC DEVELOPMENT AND RESULTANT INFLATION; (2) IN ORDER RECTIFY SITUATION INTENDS CUT PUBLIC EXPENDITURES, INCREASE REVENUES AND INCREASE EXPORTS; (3) HE INTENDS PROMOTE EXPANSION BOTH PUBLIC AND PRIVATE POWER; SUPPORT INDUSTRIAL DEVELOPMENT; MODERNIZE AND INCREASE AGRICULTURAL PRODUCTION; (4) HIS GOVERNMENT WILL NOT PURSUE LABOR POLICY OF "NOMINAL SALARY INCREASES" WHICH ONLY CONTRIBUTE INFLATIONARY SPIRAL; (5) "IDEOLOGICAL POSITION BRAZIL IS OCCIDENTAL AND WILL NOT CHANGE "BUT" RECOGNITION THIS TRUTH WILL NOT EXHAUST CONTENT OUR FOREIGN POLICY"; (6) ESTABLISHMENT OF CONTACTS WITH COUNTRIES OF DIVERGENT IDEOLOGIES "IMPOSED" ON BRAZIL BY ITS COMMERCIAL INTERESTS AND BY NECESSITY PRESERVATION PEACE; (7) BONN GOVERNMENT IS "TRUE POLITICAL EXPRESSION OF GERMANY"; (8) HE OPPOSES ANY FORM COLONIALISM OR IMPERIALISM; (9) "A PROSPEROUS, STABLE AFRICA IS ESSENTIAL CONDITION FOR BRAZILIAN DEVELOPMENT. WE NEED TO KNOW HER BETTER."; (1Ø) BRAZIL INTENDS CONTINUE SUPPORT FOR OPA.

PRESS SUMMARIES APPEAR BE HASTILY COMPILED FROM 59-PAGE DOCUMENT ORDER MAKE TODAY'S LATE EDITIONS AND MAY CONTAIN ERRORS. EMBASSY WILL REPORT MORE FULLY WHEN TEXT MESSAGE AVAILABLE.

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906
DESP. NO.

APR 7 1961
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FROM : Amembassy, Rio de Janeiro

TO : THE DEPARTMENT OF STATE, WASHINGTON.

April 5, 1961

REF : CERP, General Interest

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	REC'D 4-27-61		OTHER CIA-10	COM-10	TR-3	FRB-3	XMB-4	USIA-10	HAB-6

AGR-8 INT-7 NSA-4 OSD-5 ARMY-4 NAVY-4 DHF-7

SUBJECT: Transmittal of the President's Address to the National Congress, 1961

The Embassy is herewith transmitting six copies of the Mensagem ao Congresso Nacional, 1961 delivered by Janio Quadros (President's Address to the National Congress), published by the Departamento de Imprensa Nacional.

Any reasonable number of additional copies of this publication can be obtained free of charge.

For the Ambassador:

Approved:

Edward J. Bash
Commercial Attaché

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
MAY 1 1961
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Bernice A. Goldstein
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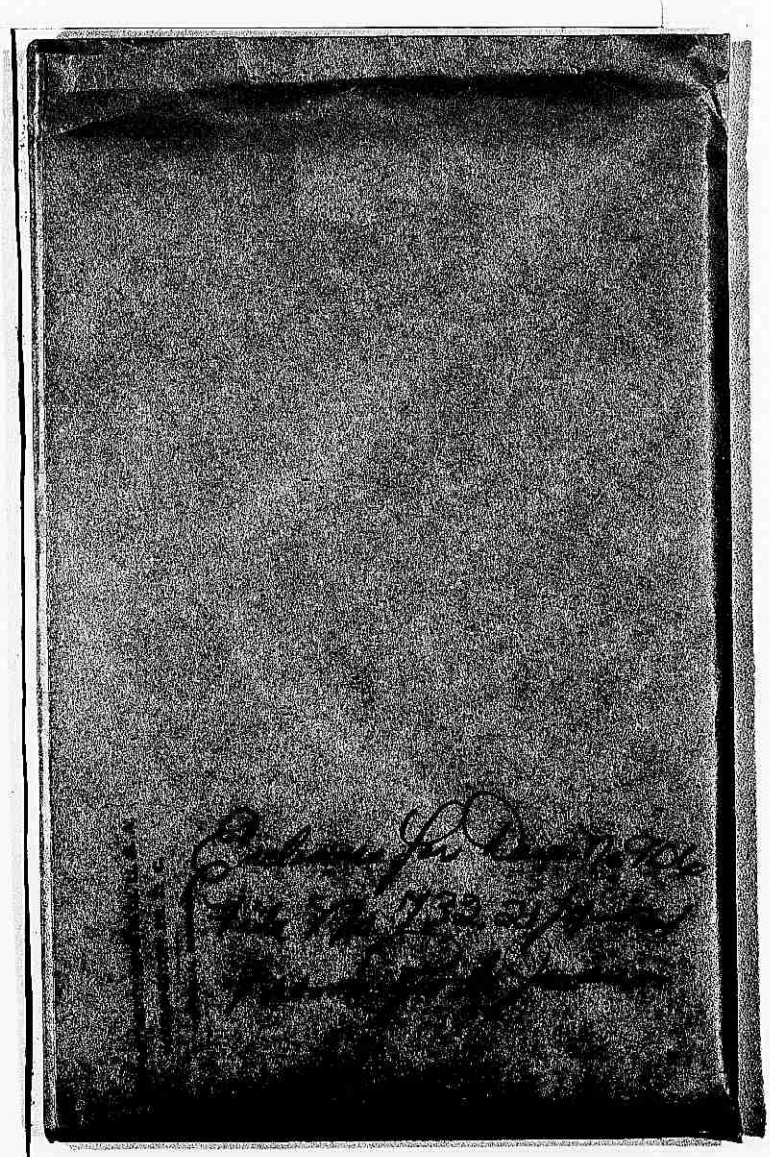
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Encl to Desp # 906
Rio de Janeiro
4-5-61

JANIO QUADROS

MENSAGEM
AO
CONGRESSO NACIONAL



1961

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JÂNIO QUADROS

MENSAGEM
AO
CONGRESSO NACIONAL

REMETIDA PELO PRESIDENTE DA REPÚBLICA
NA ABERTURA DA SESSÃO LEGISLATIVA DE 1961



BRASÍLIA
BRASIL

0280

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III — SITUAÇÃO POLITICO-INSTITUCIONAL

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SEGURANÇA NACIONAL

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DIRETRIZES GERAIS
NAÇÕES UNIDAS
PAISES SOCIALISTAS
EUROPA
MUNDO AFRO-ASIATICO
POLITICA CONTINENTAL

Senhores Membros do Congresso Nacional.

Tenho a honra de, pela primeira vez, dirigir-me a Vossas Excelências, no exercício do mandato que me outorgou o Povo brasileiro. Faço-o, em cumprimento ao preceito constitucional, para dar conta da situação do País, e indicar as providências legislativas que pretendo pedir.

Recebi o Govêrno do País em aparente normalidade política. Um balanço das reais e subjacentes condições do momento nacional mostra, entretanto, que a sua estabilidade político-social se acha sèriamente ameaçada pela difícil situação econômico-financeira: pelas tensões resultantes da inflação, que vem acompanhando um processo de desenvolvimento parcial e desequilibrado, e alimentadas por injustas desigualdades na distribuição da renda nacional; pelo desajuste do aparelho institucional às novas exigências de um Brasil em rápida evolução; e pela inadequação dos padrões de comportamento no exercício de funções públicas e na gestão dos dinheiros do Povo.

Tais condições, bem como seu significado no quadro da sociedade brasileira, constam, em linhas gerais, do documento que ora submeto à alta consideração de Vossas Excelências, e no qual procuro indicar, em relação a alguns temas, a orientação que pretendo emprestar à ação governamental, ou fixar as premissas que deverão nortear

a definição das políticas mais convenientes ao interêsse nacional.

A situação descrita e o conhecimento das tendências inferidas do passado marcam a envergadura dos problemas com que depara a Nação e as dificuldades que devemos vencer no imediato futuro. A tarefa é ingente, mas não deve ser motivo para pessimismos ou desesperanças. A visão panorâmica do momento histórico do País, a partir da última guerra, não autoriza tais atitudes. Se o progresso realizado não satisfaz às nossas mais profundas aspirações, em muitos setores as conquistas são significativas, e justificam a fé nas condições propícias do Brasil e nas virtudes do nosso Povo. A natureza, todavia, dos problemas que hoje nos afligem evidencia as falhas de uma visão estreita e distorcida do processo de desenvolvimento que vivemos, a insuficiência da técnica de planejamento adotada, a incompreensão de grande parte das classes dirigentes para os problemas da nacionalidade, e os malefícios de uma generalizada incapacidade de optar. A acumulação de erros de orientação ou decisão e — mais importante — o acervo de problemas sem solução, na vã tentativa de conciliar contraditórios e auferir benefícios, sem pagar os seus custos, põem em risco não só a continuidade de um processo sem alternativa para a Nação, mas as próprias conquistas já incorporadas às nossas tradições. A situação social e econômica não mais comporta o clima fácil da ambigüidade e das transigências com o futuro. E é pela capacidade de afrontá-lo e pôr-lhe côbro que se medirá a grandeza de um novo Govêrno.

Será a do desenvolvimento a nossa política. Mas a do desenvolvimento do homem.

IX

Uma política de Govêrno se define em função de objetivos, e do projeto que êsses mesmos objetivos impõem ao processo histórico. É a partir de um destinatário único e exclusivo — o homem — que se afirmam o esfôrço nacional, e a necessidade da promoção social, econômica e institucional da coletividade. Esfôrço a se orientar por um planejamento global que atenda à multiplicidade das suas exigências e à unidade do seu fim.

Não pretendo, nesta oportunidade, encontrar ou propor soluções para todos os nossos impasses, nem definir condutas para todos os setores, nem tomar posição sôbre teses polêmicas. O desenvolvimento é condicionado, historicamente, por múltiplas variáveis, e tem a sua técnica. A ação governamental orientadora dêsse processo não pode, portanto, ficar adstrita a postulados que desconheçam essas condicionantes ou violentem essa técnica. Mas deve buscar a cada instante, pragmàticamente, dentre os processos e meios possíveis, os mais eficazes. O que quero, sim, desde já, é afirmar a dimensão nova que ganham os nossos desafios, à escala daquele destinatário; e em razão dêle partirmos para a fixação das várias políticas setoriais que pede um programa de Govêrno.

O que devemos buscar é a implantação de uma sociedade realmente funcional, à medida do homem, na qual todos os comportamentos coletivos encontrem as condições do seu aperfeiçoamento: a economia, em crescente produtividade; a vida social, na realização de um bem-estar equitativamente repartido; e as instituições, na sua máxima representatividade, em um regime de liberdade responsável.

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A realização dessa tarefa, que é encargo histórico de todo Govêrno, só se pode perseguir, nas circunstâncias atuais, num clima de austeridade. Não como atitude heróica, porém estéril, mas como instrumento necessário para alcançar condições sociais que têm como prêmio a prosperidade comum.

Pretendo empregar nessa tarefa tôdas as energias que o Altissimo me conceder, com a autoridade e a responsabilidade de que me investiu a vontade do Povo. Ela, porém, só será minha se fôr também do Povo, também de Vossas Excelências, como sua legítima e maior expressão.

Brasília, 15 de março de 1961.

JÂNIO QUADROS.

I

SITUAÇÃO ECONÔMICO-FINANCEIRA

A — PARTE GERAL

1 — COMPORTAMENTO GLOBAL DA ECONOMIA

a — Evolução Recente

O propósito de delinear os rumos do processo econômico do Brasil deve apoiar-se numa análise retrospectiva da nossa evolução a partir da Segunda Guerra Mundial, quando se difundiu a preocupação de encarar globalmente os problemas da humanidade e se tomou consciência da enorme disparidade de níveis de renda entre os diversos países do mundo. Ao impacto da maturação desta consciência internacional reagiram os países em situação de inferioridade ou subdesenvolvidos. Colocou-se o Brasil entre as nações que, então, se dispuseram a enfrentar, realisticamente, o problema, adotando medidas capazes de acelerar o ritmo de crescimento do produto real total e «per capita». Com as ressalvas impostas pela precariedade das estatísticas, agravada nos últimos anos, e pela dificuldade de ponderar os diversos setores econômicos, pode-se admitir que, entre 1947 e 1951, o produto real total registrou o incremento anual médio de 6%. Entre 1950 e 1954, esta percentagem foi de 5,4% e, no período de 1955 a 1959, de 6,3%.

No que se refere, todavia, ao produto real «per capita», que melhor expressa o desenvolvimento, os dados são menos otimistas. Os primeiros resultados do Censo demográfico de 1960 confirmam a impressão deixada pela pirâmide das idades do Censo de 1950 e pela provável evolução das taxas de mortalidade, de que a taxa de crescimento da população deve situar-se em tôrno de 2,7% ao ano, e não de 2,4%, como se supunha. A taxa de 2,7% ao ano pode ser considerada prudente, já que os resultados parciais do Censo revelam, em muitos casos, taxas mais altas. O incremento do produto real «per capita» teria sido, portanto, de 3,5% no

período 1947-1951, de 2,8% em 1950-1954, e novamente de 3,5% em 1955-1959.

Em relação ao ano de 1960, os dados disponíveis ainda não permitem estimativa segura da taxa de crescimento do produto real. Deixam supor, entretanto, que essa taxa se situa em tôrno da observada em 1959. O índice de produção de energia elétrica, que, entre 1958 e 1959, subira de 7,3 %, entre 1959-1960 cresceu de 8,4%. Três dentre quatro índices significativos, referentes à produção metalúrgica e de cimento, indicam, para 1960, expansão superior à de 1959. E, no setor agropecuário, excluído o café, apresentou o País um incremento de 8,2% na produção.

Embora relativamente elevadas, estas taxas de crescimento da renda real «per capita» ainda são inferiores às registradas, em anos recentes, em países altamente desenvolvidos da Europa Ocidental, o que demonstra ter sido insuficiente o esfôrço para reduzir o nosso atraso econômico. Fato mais grave, entretanto, é a nítida tendência ao declínio da taxa média anual de investimentos, no Brasil, que baixou de 17,1% do produto interno entre 1951-1955 para 14,3% entre 1956-1959. Erros, omissões e cálculos imperfeitos não explicam esta redução de cêrca de 16% cujos efeitos deverão refletir-se, negativamente, sôbre o ritmo de expansão do produto real. Cumpre, portanto, um esfôrço de recuperação da taxa anterior de investimento, necessária à velocidade que se deve imprimir ao nosso desenvolvimento. De igual gravidade, do ponto de vista do dinamismo de nossa economia, apresentam-se os desequilíbrios que caracterizam a sua recente evolução.

b — Desequilíbrio Monetário

O mais pernicioso dêstes desajustes é a inflação, tanto pelas suas repercussões econômicas quanto pelos seus reflexos sociais, entre os quais se destaca o clima de insegurança que aflige as classes de rendimentos fixos, mercê da constante perda do poder aquisitivo da moeda.

O recente agravamento da espiral de preços exprime-se em números incisivos. Assim, a taxa média de crescimento anual do custo de vida no Estado da Guanabara, que, entre 1948 e 1955,

foi de 14,7 %, subiu para 24 %, entre 1956 e 1960, atingindo o máximo de 39,1 % em 1959. Para 1960, os cálculos relativos a São Paulo, oriundos de fontes diferentes, acordam em reconhecer uma elevação de custo de vida entre 32 e 33%; ao mesmo tempo, na Guanabara, tal acréscimo se eleva a 31 %, ou, segundo outra fonte, a 29,3%. Dada a representatividade das cifras citadas, é admissível, no ano passado, um aumento do custo de vida, para o conjunto do País, de cêrca de 30%.

No que se refere à inflação, é amplamente conhecida a posição do Govêrno, frontalmente contrária à daqueles que consideram a elevação crônica de preços indispensável ao desenvolvimento econômico. A inflação resulta apenas de que, diante das grandes obras reclamadas pelo desenvolvimento, se tem preferido o caminho temerário das emissões e da concessão imoderada de crédito, em vez de pedir diretamente ao Povo os recursos e eventuais sacrifícios necessários para atingir o fim colimado. A tese da necessidade da inflação traz implícita a idéia da imaturidade do País, que seria incapaz de empreender consciente e voluntàriamente o esfôrço exigido para eliminação do seu atraso. É inaceitável o pressuposto da imaturidade: o povo brasileiro já deu provas abundantes de que está à altura do seu grande destino. Merece, pois, que seus governantes lhe falem sem rebuços, dizendo claramente o que dêle esperam.

No ponto crítico atingido pelo processo inflacionário, será árdua a tarefa de obter a estabilização monetária, sem afetar o ritmo de crescimento da nossa economia. A situação, já séria, agravou-se singularmente nos dois últimos anos. A redução do ritmo da inflação, em 1960, não decorreu de esfôrço sistemático de estabilização, mas de fatôres ocasionais ou de medidas paliativas.

Entre os fatôres ocasionais de tal redução, incluem-se a colheita relativamente pequena de café — que simplificou o seu financiamento — e a safra excepcional de produtos alimentícios, que contribuiu para refrear o aumento do custo de vida. As medidas paliativas consistiram, entre outras, no congelamento das tarifas dos serviços públicos e no adiamento da revisão dos vencimentos do funcionalismo. O resultado foi a transferência para 1961

do impacto de importantes pressões inflacionárias. É, pois, indisfarçável o caráter sombrio da situação monetária, mormente se se atentar para o enorme volume previsto da nova safra do café, de 40 milhões de sacas, de difícil financiamento por meios não inflacionários.

Eis porque, excluídos os processos radicais que nos lançariam no caminho inadmissível da deflação, não há como pretender, para 1961, mais do que uma vitória parcial contra a inflação.

c — Desequilíbrio Estrutural

De todos os desequilíbrios da nossa economia é êste talvez o de maior periculosidade, já que pode ser fàcilmente esquecido. Salientem-se, pois, as suas linhas fundamentais e as medidas que se impõem para lhe pôr côbro.

Registre-se, de início, o insuficiente crescimento da produção agrícola. No período de 1949-1959, seu acréscimo foi de apenas 49,1% (índices do produto real), cifra que poderia, por exemplo, ser comparada aos 136,7% registrados pela produção industrial, em igual período.

Reside a causa fundamental do deficiente crescimento do setor agrário na lenta adoção de formas mais capitalistas de produção. Em verdade, na medida que se afirma, com o surto industrial, o processo de migração para as cidades, a atividade agrícola, para manter seu ritmo de expansão, deve empregar tecnologia mais avançada e utilizar maior quantidade de bens de produção.

Trata-se de processo normal e necessário que externamente se caracteriza pela queda da percentagem da mão-de-obra no campo, com aumento concomitante da mecanização, do uso de fertilizantes, sementes selecionadas e técnicas mais apuradas de cultivo.

Até há pouco tempo, a agricultura brasileira suportou satisfatòriamente a transferência da mão-de-obra, dada a existência de certa massa de subemprego. Nessa fase, sua expansão pôde prosseguir dentro do quadro anterior de uma fraca capitalização. Chegamos, porém, ao momento em que o capital e a tecnologia moderna devem ser introduzidos em grande escala.

No sentido de obter êsse resultado, o apoio governamental é de importância decisiva. Cumpre ampliar o crédito ao agricultor, sem o que êste não poderá adotar formas modernas de produção. Sob êsse ponto de vista, as necessidades da agricultura moderna aproximam-se de atividades tais como a indústria e o comércio.

No que se refere à tecnologia, importa ao Poder Público criar novas instituições de pesquisas e ampliar as existentes, a fim de que o homem do campo disponha de técnicas mais aperfeiçoadas e mais bem adaptadas ao nosso meio. Convém salientar que dentro dessa perspectiva, a agricultura reclama uma assistência bem maior do que outros setores, mais bem atendidos, como, por exemplo, o industrial. Pouco se terá feito, entretanto, se não fôr criado um sistema eficiente de transmissão dêsses conhecimentos novos aos homens que devem utilizá-los. Mediante a «extensão rural», que tão pouca atenção vem merecendo em nosso País.

Insista-se finalmente em que o êxito de tôdas as medidas sugeridas no setor agrícola dependerá de radical revisão das normas institucionais ali dominantes e que se colocam como obstáculo à dinamização do setor.

d — **Desequilíbrio Regional**

O tema de integração nacional constitui preocupação de tôda a comunidade brasileira. Fundamenta-se essa idéia no reconhecimento de que o Brasil não possui unidade econômica. Tal fato, porém, não autoriza entender-se por integração a ocupação indiscriminada de áreas novas e a abertura de rodovias não prioritárias. Alguns analistas de nossa economia, ao contrário, explicam a fraca integração econômica do País pela tentativa, durante o período colonial, de se ocupar um território excessivamente amplo em relação ao recursos disponíveis. Entende êste Govêrno por integração nacional a recuperação das áreas subdesenvolvidas do País, garantindo-lhes justa participação no impulso dinâmico que até agora se vem concentrando em determinadas zonas.

O Brasil não dispõe ainda de uma política estruturada de desenvolvimento regional. Salvo o caso da SUDENE, não há pla-

no diretor satisfatório para a aplicação das dotações orçamentárias. Tal é o caso da SPVEA, da Comissão do Vale do São Francisco, da Fronteira do Sudoeste e do Brasil Central. Os planos de economia e de contenção de despesas têm constituído outro fator impeditivo da racionalização de investimentos. Pretende o Govêrno, para obviar a êsses inconvenientes, tornar compatíveis as políticas de desenvolvimento global e regional. Do mesmo modo, serão integradas e racionalizadas as medidas de política econômica atinentes às diversas regiões, bem como se procurará harmonizar os esforços das esferas federal e estadual.

Na Amazônia, a regra tem sido a dispersão de iniciativas e a falta de comando unificado. A atuação da Superintendência da Valorização Econômica da Amazônia, do Banco da Amazônia, do SNAPP e de outras agências federais atuantes no vale obedecerá a um plano único e bem definido.

Além da reformulação dos métodos administrativos dos órgãos de planejamento, um balanço das potencialidades e dos recursos da área será outro passo, necessário à administração racional da região. A experiência de outras áreas e os estudos e pesquisas já realizados na Amazônia permitirão simplificar o trabalho.

Promover-se-á, outrossim, a atualização periódica dos planos.

No que se refere ao Nordeste, após uma série de tentativas frustradas, a orientação federal na região ganhou, recentemente, novo caráter orgânico, segundo diretrizes compatíveis com a realidade e os anseios da mais característica das regiões subdesenvolvidas do País.

O Plano Diretor e a atuação da SUDENE, em prol do desenvolvimento industrial da área, constituem experiência merecedora de continuidade e de irrestrito apoio do Govêrno.

A ação da SUDENE terá como primeiro objetivo o de coordenar os incentivos fiscais, monetários e cambiais, necessários à expansão da iniciativa privada na região.

Já aprovou o órgão vinte e três projetos de investimento, no setor da livre emprêsa, no montante de 8,5 bilhões de cr. frs, e estuda, atualmente, novas iniciativas, que totalizam 30 bilhões de cruzeiros e 91 milhões de dólares.

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De outra parte, dará especial atenção, na esfera pública, à necessidade de conjugar a ação das entidades executivas que operam na área, subordinando-as a programa global de desenvolvimento. Para êsse efeito, e a fim de assegurar uma integração racionalizada de esforços, capaz de incrementar a eficiência do setor e desemperrar a máquina burocrática, constituiu o Govêrno diversos grupos de trabalho, quer para a elaboração de programas plurianuais, quer, principalmente, para a sua subordinação a cronogramas adequados. Tais grupos cuidam dos setores de energia elétrica, rodoviário, portuário, de irrigação do submédio São Francisco, de aproveitamento do Vale do Parnaíba, de pesca, tendo em vista principalmente a proteção de seu artesanato, e de abastecimento dágua.

Demonstração dos recentes agravamentos dos desequilíbrios regionais encontra-se no fato de que, mesmo algumas áreas, que se situam entre as mais desenvolvidas do País, começam a revelar sintomas de insuficiente dinamismo. Entre os casos de maior relevância, destacam-se os do Rio Grande do Sul e da Guanabara. Êsses Estados não apenas usufruem de uma renda "per capita" bastante superior à média, como dispõem de importante indústria, atividade que tem constituído o fulcro do processo dinâmico brasileiro.

A primeira causa do fenômeno, acima apontado, pode ser encontrada na orientação recentemente assumida pelo crescimento industrial no País. Em verdade, êste se tem revelado particularmente importante no setor de bens de produção, que se acha concentrado numa área restrita. O problema do fraco dinamismo, que antes afetava sobretudo os Estados pouco industrializados, estende-se agora também àqueles que haviam conseguido afirmar-se no setor manufatureiro. Até o momento nada foi tentado para remediar tal situação.

No caso do Rio Grande do Sul, influiu, além disso, a regulamentação de preços dos produtos alimentícios, sem equivalência no que se refere aos industriais. Do mesmo modo, tiveram impacto negativo os atos destinados a coibir a exportação de produtos cuja oferta se pretendia reservar prioritàriamente ao mercado interno.

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Quanto à Guanabara, cumpre considerar as conseqüências da mudança da Capital, que implicou na transferência para o Estado de parte das despesas de antigos órgãos federais, e poderá, a longo prazo, afetar o dinamismo da região.

As medidas a adotar na esfera federal, em relação a êsses dois Estados, não poderão certamente ter o caráter ou amplitude das indicadas para as zonas subdesenvolvidas. O simples equacionamento do problema econômico brasileiro, levando em conta as peculiaridades regionais, já aliviará os males presentes. A par disso, maior apoio financeiro se faz necessário, condicionado, porém, à política geral de equilíbrio monetário.

e — Desequilíbrio do Balanço de Pagamentos

No decorrer do processo de desenvolvimento, surgem sérias tensões, dado o forte aumento das necessidades de importação, sem o correspondente acréscimo da capacidade de importar.

No Brasil, elas se têm revelado especialmente graves. Poderiam, entretanto, ter sido minoradas através de medidas adequadas, aplicadas em tempo oportuno.

O Govêrno está atento às transações econômicas com o exterior, que se revestem de importância fundamental, tanto para a determinação do nível atual das atividades econômicas do País, quanto para a obtenção do elevado ritmo de desenvolvimento econômico, exigido pela expansão demográfica e pelos legítimos anseios de melhores condições de vida do nosso povo. Essas transações condicionam, em boa parte, o funcionamento regular do sistema econômico à sua capacidade atual de produzir bens e serviços e, igualmente, à realização, dentro de certos limites de tempo, das mudanças estruturais indispensáveis à elevação da renda "per capita".

A consecução dêsses dois objetivos — em que se empenhará o Govêrno — está ligada à nossa capacidade de prover regularmente o País de certo volume de bens e serviços que ainda não produzimos, ou que o fazemos em quantidades insuficientes. Depende, portanto, da nossa capacidade de importar, que resulta principal-

mente, a longo prazo, da receita cambial proveniente das exportações. E' que os demais elementos formadores dessa capacidade apresentam características de maior incerteza. Ou são condicionados, a prazo longo e médio, pela situação do balanço de pagamentos — entrada de capitais estrangeiros, quer sob forma de empréstimos, quer sob forma de investimento direto — ou escapam, em grande parte, ao nosso contrôle, como é o caso das relações de preços de troca, que têm sido, continuamente, desfavoráveis ao nosso País, nos últimos seis anos.

Dêsse modo, as exportações constituem um dos fatôres essenciais à continuidade do processo de desenvolvimento econômico do Brasil.

Os fatos registrados nos últimos quatro anos confirmam a importância decisiva das exportações em nosso País, ao assinalarem o desequilíbrio continuado do balanço de pagamentos, responsável pela crise cambial que atravessamos.

Considere-se, ademais, que a partir de 1954, com a queda dos preços externos do café, a contribuição das exportações para a receita cambial tem revelado tendência ao declínio, enquanto cresceram as necessidades de importação e, bem assim, os compromissos financeiros do País.

A média anual das exportações declinou de 1.542 milhões de dólares no período 1951/55, para 1.350 milhões de dólares no período 1956/60. Êsse movimento descendente das exportações decorre de um conjunto de causas, algumas delas de natureza interna, tais como erros de perspectiva na formulação das políticas econômicas, e deficiências estruturais da produção e da comercialização dos produtos. Outras, exógenas, ligadas ao comportamento dos mercados externos.

Entre as primeiras, mencione-se o crescimento continuado e intenso dos custos internos, fruto da inflação que vem avassalando o País, particularmente em épocas mais recentes. As dificuldades oriundas dêste fato cresceram enormemente, em determinados períodos, pela inadequação de certas práticas cambiais. Cabe lembrar, a êsse respeito, a taxa cambial rígida de exportação, fixada outrora por via administrativa, que dava origem, periòdicamente,

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ao aparecimento dos chamados gravosos, revivida, no transcurso do ano passado, pelas manipulações da Autoridade Monetária, visando a estabilizar a taxa do mercado de câmbio livre, à qual se liquidam as cambiais correspondentes a grande número de produtos. Desta forma, foram anulados, em boa parte, os benefícios que poderiam advir da transferência dêsses produtos para o mercado da taxa livre. Êste perdeu pràticamente a flexibilidade que compensaria a elevação aguda dos custos internos.

Assinale-se, também, o efeito pernicioso das delongas e complicações burocráticas, observado no regime de contrôle do comércio exterior e agravado pelas proibições súbitas de exportar, que têm sido aplicadas sob pretexto de garantir-se o abastecimento prioritário do mercado interno. Os setores atingidos por essas providências não podem aspirar a maior participação na pauta de exportações. Para isso concorre a incerteza quanto ao comportamento, mesmo em futuro próximo, dos contrôles administrativos, o que impede a formulação e realização, com as necessárias antecipações, de programas de produção e de estabelecimento dos contatos e demais atividades de venda, com vistas aos mercados externos. Cumpre não esquecer que a presença permanente, em posições cada vez mais importantes, de numerosos produtos na pauta de exportações tem para o Brasil, nos dias atuais e ainda durante muitos anos, não apenas o sentido de alta prioridade nacional — dados os superiores interêsses do desenvolvimento econômico, envolvidos na situação do balanço de pagamentos — mas também constitui caminho seguro para uma contínua melhoria de eficiência, por imposição das contingências comuns da competição nos mercados internacionais.

Mencionem-se ainda os reflexos desfavoráveis do baixo nível de produtividade generalizada nas atividades de produção e de transporte, em território nacional, das mercadorias exportáveis.

Cabe referir, ademais, a fragilidade da organização comercial e bancária do País no que concerne às vendas para o exterior. Não estamos organizados para um movimento de exportação de grande envergadura. Faltam-nos as ligações comerciais indispensáveis, a serviço de emprêsas exportadoras nacionais, e o mínimo de suporte financeiro para os primeiros passos no sentido do finan-

ciamento de exportações, ao menos de bens de capital que o País está começando a produzir em condições satisfatórias.

Precisamos dispor, outrossim, de meios adequados à preservação da fidelidade aos contratos de venda, não só no tocante à regularidade dos suprimentos, como no que diz respeito à garantia da boa qualidade dos produtos exportados. Resta fazer ainda um grande esfôrço para elaborar e apresentar os produtos segundo as preferências dos mercados externos.

Quanto às importações, foram elas contidas, de uma forma ou de outra, no transcurso dos últimos quinze anos, através de contrôles administrativos, havendo-se estabelecido parcialmente, nos últimos anos, o jôgo das fôrças do mercado. A tendência a importar tem sido fortalecida, entretanto, pelas crescentes necessidades de materiais de origem externa, em conseqüência da própria expansão econômica do País, e por efeito combinado da inflação e de peculiaridades do sistema cambial, que redundam em subsídio ao consumo de mercadorias importadas.

f — Conclusão

As medidas acima sugeridas entram freqüentemente em conflito a curto prazo, podendo apenas ser harmonizadas num período mais longo. Assim, em numerosos casos em que a correção dos desajustes exige concessão de crédito ou financiamento, seremos colocados diante do choque dessas medidas com a urgente necessidade de estabilizar preços. Outrossim, o incremento da capitalização na agricultura, sem prejuízo do dinamismo industrial, exige reversão da tendência recente à queda da taxa de investimentos, o que reclama tempo. Em conseqüência, o objetivo necessário da Administração, durante um período que se estenderá provàvelmente por dois anos, será manter os atuais desequilíbrios dentro de limites suportáveis e sem reduzir o ritmo do desenvolvimento.

Para que, todavia, se garanta no futuro um crescimento harmônico sem choques e percalços, cumpre implantar, desde logo, uma orientação racional da economia, sob a forma de programação global. Até o momento, nossa experiência consistiu no simples estabelecimento de objetivos setoriais carentes de coordenação e

sem relação alguma com as políticas de preços, salários, investimentos e comércio exterior. A maior parte das atuais dificuldades não teria ocorrido se a política econômica do País houvesse sido orientada dentro de um quadro global, em que cada decisão fôsse estudada nos seus reflexos sôbre o conjunto e em função das medidas complementares reclamadas.

Quaisquer que sejam os sacrifícios e trabalhos que exijam os próximos anos, serão sempre pequenos em relação ao que se tem em vista. A eliminação do nosso atraso econômico e, portanto, a obtenção de elevada taxa de crescimento têm importância que não pode ser exagerada. O seu significado é, em primeiro lugar, interno. Em verdade, boa parte das vantagens sociais que preconizamos para o nosso Povo devem fundar-se, para serem efetivas e duradouras, num produto nacional elevado e em rápida expansão. Do acelerado desenvolvimento do País, e não de barreiras artificiais opostas ao contato com outros povos, dependerá a preservação de nossas instituições e de nosso modo de vida. Resulta, assim, altamente ilógico combater medidas vantajosas para a economia brasileira em nome da defesa daquelas instituições.

Tão importantes quanto os internos, são os corolários internacionais do nosso desenvolvimento. Realmente já não se nega hoje o possante impulso que os regimes socialistas conseguiram imprimir aos subdesenvolvidos de sua órbita. Tampouco se ignora que a chamada «concorrência pacífica» se coloca em têrmos da eficiência dos regimes em conflito, na sua tentativa de eliminar as atuais disparidades de padrões de vida entre as nações de sua órbita. Ora, no grupo Ocidental, o Brasil, mais que qualquer outro país subdesenvolvido, apresenta condições favoráveis à eliminação do atraso econômico. Suas dimensões continentais, a abundância de seus recursos naturais relativamente à população, a característica européia de sua cultura são vantagens que não se encontram combinadas em nenhuma outra nação da área. Nosso fracasso não deixaria, pois, de lançar sérias dúvidas sôbre a capacidade do regime democrático para enfrentar o problema do subdesenvolvimento.

A par disso, o Brasil acha-se fadado a desempenhar papel de relêvo no cenário internacional, como país sem passado colonialista e, portanto, livre de qualquer suspeição no que se refere a alguns

dos graves problemas do momento atual. Compreende-se, sem dificuldade, que nossa voz será tanto mais fàcilmente ouvida quanto melhor e mais eficientemente conseguirmos liberar-nos da condição de subdesenvolvidos.

Um dos objetivos fundamentais do Govêrno será, pois, a preservação e o eventual acréscimo do atual dinamismo econômico do País. Seremos bem sucedidos na medida em que contarmos com a compreensão e a decidida colaboração do Povo brasileiro. Não hesitaremos, pois, sempre que fôr necessário, em convocá-lo para assumir as responsabilidades impostas pelo momento histórico.

2 — FINANÇAS PUBLICAS

a — Situação em 1960

Embora a Proposta Orçamentária para o exercício de 1960 consignasse um superavit de Cr$ 2,5 bilhões, já na época de sua elaboração a conjuntura financeira da União se apresentava bem menos favorável.

Submetida ao Congresso, a Proposta em aprêço sofreu substancial modificação, conforme evidenciam as cifras abaixo:

	Bilhões de Cruzeiros
Despesa	194,3
Receita	179,5
Deficit	14,8

Conquanto a receita prevista na Lei de Meios se situasse abaixo das suas reais possibilidades, a estimativa das despesas também se manteve muito aquêm do seu exato potencial.

No decurso do exercício, o panorama financeiro, já pràticamente desequilibrado, agravou-se ainda mais. É que foram autorizados novos créditos adicionais no valor de Cr$ 37,1 bilhões (exceto os destinados à regularização de despesas, num total de Cr$ 13,4 bilhões); efetuados dispêndios sem crédito, no total de Cr$ 36,8 bilhões, e concedidos adiantamentos a entidades públicas,

no montante de Cr$ 23,6 bilhões. Além dêsses encargos, outros, equivalentes a créditos adicionais abertos mas não utilizados no exercício, na importância de Cr$ 2,8 bilhões, tiveram vigência prorrogada para 1960. Havia, ainda, que se levar em conta a carga dos resíduos passivos acumulados dos últimos exercícios e liqüidáveis em 1960. Haja vista que os pertinentes aos «Restos a Pagar» e aos «Fundos Especiais» montavam, no fim de 1959, a Cr$ 32,5 bilhões e Cr$ 15,0 bilhões, respectivamente. Assim, o desequilíbrio financeiro da União aprofundou-se, no transcurso do exercício.

Com o fim de reduzir o deficit potencial daquele exercício, foram expedidos os Decretos nº.s 47.658 e 47.659, ambos de 19 de janeiro de 1960. O primeiro dêles estabeleceu normas para a execução do Orçamento, com planos de aplicação para diversas subconsignações, ficando sob contrôle todos os serviços de acôrdos, auxílios, subvenções, suplementações de crédito, restos a pagar e as autarquias. O segundo criou um Plano de Economia e um Fundo de Reserva, abrangendo dotações orçamentárias dos diversos Ministérios e Órgãos subordinados à Presidência da República, no montante de Cr$ 25,0 bilhões.

Foram mantidas as normas vigentes em exercícios anteriores, que restringiam a admissão de pessoal e disciplinavam o emprêgo de diversas verbas.

Durante o exercício, entretanto, foram liberados alguns quantitativos do Plano de Economia, no total de Cr$ 6,8 bilhões, para atender a dispêndios que a Administração considerou necessários.

A análise das Contas do Tesouro Nacional em têrmos de "Caixa", isto é, levando em conta exclusivamente a movimentação efetiva dos recursos, e englobando operações orçamentárias e extra-orçamentárias, revela os seguintes resultados gerais para o exercício de 1960.

A receita efetivamente arrecadada montou a Cr$ 219,8 bilhões. A despesa orçamentária (e suplementações) manteve-se, pràticamente, ao nível da receita. Com o acréscimo, no entanto, das despesas extra-orçamentárias, o montante dos gastos efetivos atingiu a Cr$ 296,5 bilhões, evidenciando-se um deficit geral de

caixa da ordem de Cr$ 76,6 bilhões, equivalente a um excesso de 35 % sôbre a receita.

Êsse vultoso deficit de caixa foi financiado quase exclusivamente com recursos oriundos do Banco do Brasil, de vez que o montante das Letras do Tesouro em circulação se elevou de apenas Cr$ 2,2 bilhões naquele ano. Entre os recursos fornecidos pelo Banco do Brasil incluem-se Cr$ 10,8 bilhões de ágios entregues ao Tesouro para aumento do "Fundo para eventuais diferenças de Câmbio".

Além disso, o saldo de Restos a Pagar elevou-se de Cr$ 32,4 bilhões para Cr$ 43,3 bilhões. O de Depósitos de Entidades Federais (créditos a serem reabertos no início do exercício seguinte) subiu de Cr$ 3,1 bilhões para Cr$ 7,2 bilhões. Os Fundos Especiais, para desenvolvimento econômico ou assistência social, reduziram-se de Cr$ 14,4 bilhões para Cr$ 12,1 bilhões.

TESOURO NACIONAL

Execução Financeira em 1960

(movimentação efetiva de recursos)

	Bilhões de Cruzeiros
RECEITA	219,8
DESPESA	
Orçamentária e suplementações	219,8
Extra-orçamentária	
Art. 48	36,5
Restos a pagar liquidados	11,4
Fundos especiais de exercícios anteriores entregues em 1960	4,6
D.N.E.R. (1)	2,3
NOVACAP (1)	21,6
Outras	0,2
Total	296,4

Deficit final de caixa:	76,6

Financiamento do Deficit de Caixa:

	Bilhões de Cruzeiros
Banco do Brasil (2)	75,4
Letras do Tesouro (2)	2,2
	77,6

Caixa Própria do Tesouro:

	Bilhões de Cruzeiros
Saldo em 31.12.59	1,3
Saldo em 31.12.60	2,3
— Variação liquida em 1960	1,0

(1) Adiantamentos feitos pelo Banco do Brasil por conta do Tesouro.

(2) Aumento liquido das responsabilidades do Tesouro em 1960.

b — Situação em 1961 — Desequilibrio Potencial

A lei orçamentária para o ano de 1961 apresenta os seguintes dados globais:

	Bilhões de Cruzeiros
Receita	246,6
Despesa	302,3
Deficit	55,7

O deficit previsto de cêrca de 56 bilhões de cruzeiros está longe de refletir a realidade que se prenuncia para o exercício de 1961. Basta acentuar que a despesa de pessoal, estimada, no Orçamento, em Cr$ 119 bilhões, inclusive Cr$ 23 bilhões destinados a atender ao aumento decorrente da revisão dos vencimentos, não será inferior a Cr$ 178 bilhões. Os encargos decor-

rentes dessa revisão são estimados, atualmente, em Cr$ 80 bilhões e não apenas nos Cr$ 23 bilhões consignados na Lei de Meios. Nestas condições, sòmente o deficit orçamentário é da ordem de Cr$ 113 bilhões.

Há outros encargos que provêm de orçamentos anteriores e que se apresentam nos seguintes têrmos:

	Bilhões de Cruzeiros
Restos a Pagar	43,3
Fundos Especiais	11,7
Créditos especiais transferidos	10,9
Créditos reabertos	7,2
Total	73,1

Cumpre considerar, também, despesas que foram omitidas no referido orçamento, tais como subvenções às emprêsas de navegação.

Os dispêndios sob essa rubrica atingiram a Cr$ 9,7 bilhões em 1960 e deverão ascender a Cr$ 21 bilhões no presente exercício, a julgar pelo primeiro duodécimo pago. Seria prudente, ainda, contar com outros compromissos financeiros da ordem de Cr$ 30 bilhões vinculados a prejuízos dos financiamentos agrícolas, auxílio a novas emprêsas siderúrgicas, gastos provàvelmente inevitáveis com a construção de Brasília, e vários outros encargos, não previstos no Orçamento.

Conseqüentemente, se ao deficit orçamentário de Cr$ 113 bilhões forem adicionados os compromissos de orçamentos anteriores, no montante de Cr$ 73 bilhões, e, também, as prováveis despesas extraordinárias sem crédito previsto, num total aproximado de Cr$ 50 bilhões, chega-se a um deficit potencial de cêrca de Cr$ 200 bilhões, ainda que admitida uma receita superior à que se registra no Orçamento.

Dadas as dificuldades de elevação de tributos no curso do exercício financeiro, e considerado o montante relativamente

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pequeno do previsível incremento vegetativo da receita, resta ao Govêrno proceder a rigorosa compressão das despesas de materiais e serviços, e mesmo de alguns investimentos. Quanto a êstes, espera-se que as medidas de caráter monetário a serem adotadas permitam a realização dos que se fazem necessários ao desenvolvimento do País.

Paralelamente ao decidido esfôrço de contenção de despesas, está o Govêrno disposto a adotar medidas que possibilitem a obtenção de recursos financeiros anti-inflacionários e, bem assim, um incremento de receitas da ordem de Cr$ 45 a Cr$ 55 bilhões.

3 — MOEDA E CRÉDITO

a — Situação em 1960

O saldo dos meios de pagamento elevou-se de 30%, no transcurso do ano, atingindo à cifra de Cr$ 692 bilhões em dezembro. Essa taxa de incremento, embora pouco inferior à do ano precedente (41,7%), é das mais altas nos últimos anos, superando as demais registradas no qüinqüênio 1956/1960.

O referido crescimento resultou de uma expansão de Cr$ 49,1 bilhões — pouco mais de 30% — no montante de papel-moeda pôsto em circulação, e de sua conseqüente multiplicação pelo sistema bancário. Note-se que esta função multiplicadora foi exercida pelos bancos, com menor intensidade, no citado período, o que diminuiu, em certa medida, o impacto inflacionário das emissões. É que os bancos comerciais tenderam, em geral, a manter uma proporção mais elevada de «encaixe/depósito».

O alto nível das emissões de papel-moeda deveu-se bàsicamente à pressão do déficit do Tesouro Nacional, que se revelou muito mais forte, como em anos anteriores, no segundo semestre. É de mencionar-se, outrossim, a expansão do crédito distribuído ao setor privado.

A taxa de incremento dos empréstimos do Banco do Brasil ao setor privado, calculada em 35,9%, superou a dos últimos anos, para o que concorreram, em proporções bastante semelhantes,

a Carteira de Crédito Geral e a de Crédito Agrícola e Industrial. O montante dos empréstimos rurais dêsse estabelecimento oficial de crédito aumentou de 41,9% naquele ano, elevando-se, portanto, em maiores proporções do que em 1959.

Relativamente à Carteira de Crédito Geral, cabe ressaltar que a maior parte — pràticamente a quase totalidade — da expansão dos seus empréstimos ao setor privado ocorreu no segundo semestre do ano.

Quanto aos empréstimos dos bancos comerciais, a expansão traduziu-se por uma percentagem de 42,7%, substancialmente maior do que a dos últimos anos.

Registre-se finalmente que os recursos entregues aos bancos comerciais pelas Autoridades Monetárias totalizaram Cr$ 16,1 bilhões. Por sua vez, êsses bancos entregaram àquelas Autoridades, sob a forma de depósitos, cêrca de Cr$ 25,9 bilhões. Desta maneira, as Autoridades Monetárias receberam dos bancos um montante líquido de Cr$ 9,8 bilhões.

b — **Perspectivas para 1961**

Os fatos econômicos, ocorridos no transcurso de 1960, focalizados a largos traços nos diferentes capítulos desta Mensagem, revelam o fortalecimento das pressões inflacionárias, especialmente nos meses finais do ano passado.

A violência dessas pressões, se está a exigir, por um lado, severas medidas tendentes a promover a estabilização monetária, desaconselha, por outro, a redução drástica e súbita do ritmo em que vêm crescendo os meios de pagamento. Há de se promover paulatinamente o ajustamento da expansão dêsses meios à oferta de mercadorias e serviços, em têrmos reais. Nestas condições, não se pode esperar para o corrente exercício que as emissões de papel-moeda — base do aumento de crédito bancário — venham a ser limitadas estritamente aos montantes compatíveis com a preservação da estabilidade relativa dos preços.

A soma dos recursos, a serem exigidos pelo Tesouro Nacional para cobertura do seu deficit do presente exercício (Cr$ 200

bilhões), corresponde, pràticamente, ao saldo do papel-moeda em circulação em fins de dezembro de 1960.

Em tal situação, a austeridade na execução de despesas públicas, em têrmos que não provoquem o indesejável desencadeamento de um processo depressivo na economia nacional, conseguirá, sem dúvida, reduzir, de modo substancial, o deficit que se prenuncia considerável, sem contudo torná-lo inexpressivo. O combate bem sucedido à inflação não poderia circunscrever-se, por isso, às medidas de caráter orçamentário.

Há que disciplinar-se a expansão do crédito, com vistas a impedir que a sua utilização resulte em disputa estéril de recursos escassos dentro do País, do que decorreriam fatalmente incrementos contínuos e prejudiciais de custos e preços. Considere-se, a êsse propósito, que os bancos comerciais chegaram ao fim do ano passado com uma proporção «encaixe/depósito» da ordem de 25,1%, contra 22,0% observada anteriormente, o que significa a existência de recursos de caixa excedentes, para concessão adicional de crédito.

As perspectivas de pressões inflacionárias, oriundas d- lado da procura global de bens e serviços, somam-se as que decorrerão do inevitável processo de regularização das nossas contas internacionais. O País endividou-se de tal forma nos últimos tempos que, a partir de fins do ano passado, tornou-se impossível manter os prazos de liquidação dos compromissos.

Não deveremos surpreender-nos se a necessária adaptação da economia brasileira a um nível de importações sustentável a longo prazo com nossos próprios recursos, acrescidos das entradas de capital estrangeiro de natureza não compensatória, acarretar, pelo menos inicialmente, redução da oferta de bens importados.

4 — RELAÇÕES ECONÔMICAS COM O EXTERIOR

a — Exportações e Importações

As exportações brasileiras sofreram em 1960 ligeiro declínio, em comparação com os resultados do ano anterior. O aumento do valor das vendas de cacau e derivados, de algodão e de minê-

rios, não foi suficiente para contrabalançar, totalmente, a situação adversa de vários produtos, dentre os quais o café — declínio de 3% — e as madeiras.

Em relação ao café, os resultados obtidos, apesar de inferiores aos de 1959, ainda podem ser considerados satisfatórios face à atual conjuntura de superprodução. Isso foi possível, decerto, graças à limitação da oferta mundial determinada pelo Convênio Internacional em vigor.

No que respeita aos demais produtos de realce na pauta de exportação, são relevantes os resultados obtidos pelo cacau, açúcar, minérios e algodão. No caso do cacau, vale a pena observar a queda contínua das cotações internacionais durante todo o ano, conseqüente aos acréscimos registrados nas últimas safras mundiais. Manteve-se, entretanto, em nível satisfatório a receita neste item, mercê da colocação dos remanescentes da safra anterior e de tôda a safra 60-61 no correr do exercício. Por seu turno, o algodão beneficiou-se com a liberação de suas divisas. Mais não foi exportado nesse caso por falta de estoques disponíveis. O açúcar foi favorecido pela situação dos mercados externos.

Quanto aos minérios, o aumento da receita decorreu do crescimento das atividades extrativas e da boa aceitação do produto no exterior.

Relativamente às importações, cabe registrar o incremento de US$ 50 milhões em seu total geral, resultante da maior quantidade de divisas leiloadas no ano em foco. Destaca-se, ainda, o fato de o montante dos investimentos e financiamentos para importação de bens haver declinado de US$ 430 milhões em 1959 para US$ 274 milhões em 1960.

b — **Balanço de Pagamentos**

As estimativas preliminares do balanço de pagamentos em 1960 indicam a ocorrência de um deficit da ordem de US$ 412 milhões, muito maior do que o registrado em 1959.

Esse agravamento da posição das contas internacionais do País coincide com o quarto ano consecutivo do deficit do balan-

ço de pagamentos. Anote-se que a soma dêsses deficits, no período de 1957/1960, atinge a US$ 999 milhões, o que dá a elevada média anual de aproximadamente US$ 250 milhões. Nos quatro anos precedentes — 1953/56 — só se havia registrado o deficit de US$ 203 milhões, correspondente ao difícil ano de 1954, do que resultou a média anual, consideràvelmente menor, de cêrca de US$ 51 milhões. Mesmo se tomarmos o decênio 1947/56, ainda teremos uma média anual de deficits dessas contas menor do que a do referido período 1957/60 (US$ 135 milhões.)

Em conseqüência, elevaram-se de US$ 336 milhões as obrigações junto a banqueiros no exterior. Dêsse total, US$ 125 milhões referem-se a operações de «swaps» e US$ 55 milhões à utilização de linhas de crédito. Reduziram-se em US$ 18 milhões as reservas em ouro. A cobertura do remanescente fêz-se através da compra de US$ 48 milhões ao Fundo Monetário Internacional e do levantamento de US$ 10 milhões, com garantia ouro, em banco privado.

O deficit dos serviços elevou-se, em 1960, a US$ 480 milhões contra US$ 373 milhões em 1959. Êsse resultado fortemente negativo se deveu, como em anos anteriores, aos ônus consignados nas rubricas «Transportes Internacionais» e «Renda de Investimentos». Êsses fatôres se explicam, no primeiro caso, pela pequena tonelagem da marinha mercante brasileira que opera em linhas internacionais e, no segundo, pelo incremento do ingresso de capitais estrangeiros registrado nos últimos anos.

No que respeita a êsses capitais, estima-se que as entradas totalizaram US$ 440 milhões, cêrca de 20% menos do que no ano anterior, ao mesmo tempo que se registrava incremento das saídas. O movimento líquido deixou um saldo de US$ 42 milhões, contra US$ 182 milhões no ano anterior.

Cumpre assinalar que o resultado negativo do exercício de 1960 teria sido de maior vulto, caso tivessem sido saldados os compromissos previstos para o período, conseqüentes a empréstimos que nos foram concedidos pelo Export and Import Bank of Washington (US$ 35 milhões), pelo Fundo Monetário Interna-

cional (US$ 48 milhões) e por um grupo de banqueiros norte-americanos (US$ 25 milhões), transferidos para o atual Govêrno.

c — **Situação Cambial**

Para atendimento dos compromissos financeiros assumidos pelo Brasil, segundo a posição registrada na SUMOC em 31-12-60, prevê-se o dispêndio da avultada importância de cêrca de US$ 2.654 milhões, dos quais 71%, ou sejam aproximadamente US$ 1.896 milhões, no período 1961/65. Essa enorme concentração de compromissos de pagamentos externos, no qüinqüênio que ora se inicia, e, bem assim, a sua distribuição desigual entre as datas de vencimento, tornou sumamente grave a situação cambial do País nos dias atuais.

Com efeito, o ano de 1961 será dos mais sacrificados, com o ônus de US$ 652 milhões, correspondente à quarta parte dos dispêndios globais programados a título de liqüidação de dívidas até o ano de 2083.

Estamos, desta maneira, em face de obrigações externas cujo montante, no exercício em curso, representa quase a metade da receita média anual das exportações verificadas nos últimos cinco anos. Esse fato caracteriza muito bem a dificuldade em que se encontra o País para equilibrar, a curto prazo, o setor externo da economia, pois são bem conhecidos os óbices existentes para uma expansão rápida e satisfatória das exportações e, bem assim, a rigidez da pauta das importações e dos demais itens passivos do balanço de pagamentos.

As estimativas até agora feitas levam a admitir um possível deficit do balanço de pagamentos em 1961, da ordem de US$ 580 milhões, quase todo êle — cêrca de US$ 570 milhões — na área de moedas inconversíveis. Pesa enormemente nessas previsões o grande desequilíbrio nas contas de capital, em conseqüência dos compromissos vinculados à amortização de empréstimos para projetos específicos e à cobertura dos deficits anteriores do balanço de pagamentos.

A forte acumulação de deficits, nos últimos quatro anos, agravou muito a posição devedora do País no exterior. Além

disso, foi grandemente comprometida a sua capacidade de pagamento nos anos subseqüentes, seja pela utilização antecipada de receitas futuras, seja pela contratação de vultosos créditos a prazo médio e curto. Assim, além de US$ 900 milhões para atendimento de parte substancial (57%) dos compromissos referentes ao financiamento de projetos específicos, ainda pendentes, e do prosseguimento do esquema de pagamento paulatino da dívida externa, foram deixados ao qüinqüênio 1961/65 os encargos de liqüidação dos «swaps» remanescentes dos últimos anos, no montante de US$ 353 milhões, e da quase totalidade — cêrca de 97% — dos US$ 620 milhões correspondentes aos empréstimos de regularização.

A previsão dos pagamentos no exterior, feita à base da posição registrada em 31-12-60, consigna os montantes de cêrca de 652, 416, 341, 275 e 212 milhões de dólares, respectivamente, nos anos de 1961 a 1965, no total aproximado, já referido, de 1.896 milhões.

B — PARTE ESPECIAL

1 — Energia

a — Carvão

A indústria carbonífera revive, no momento, os seus problemas de mercado insuficiente e baixa produtividade.

Os planos executados no passado não justificaram, integralmente, as esperanças nêles depositadas.

A crescente marginalização das pequenas unidades geradoras de energia a partir do carvão (navios, locomotivas etc.) reduz, gradativamente, o seu mercado tradicional, com reflexos na quantidade e eficiência da produção carbonífera.

As dificuldades atuais desta indústria só encontrarão solução num planejamento, amplo e integrado, que procure equilibrar o consumo de todos os tipos dêste combustível, de acôrdo com a estrutura da sua produção. As características do carvão e o local das minas indicam como fórmula mais econômica o consumo do carvão-vapor para energia elétrica na área de sua extração. Esta

política pressupõe, entretanto, o simultâneo acesso aos mercados consumidores de energia elétrica ou a criação dêstes, o que coincide com a necessidade de expandir a indústria nos Estados do Paraná, Santa Catarina e Rio Grande do Sul.

O planejamento que exige a solução do problema carbonífero há de compreender o incentivo, tanto às indústrias consumidoras da energia elétrica originada do carvão-vapor, como às indústrias químicas que utilizam os derivados do carvão como matéria-prima.

A Lei n.º 3.860, recentemente aprovada, que destina, pela primeira vez, recursos proporcionais à relevância dos problemas do carvão, será aplicada pelo Govêrno de forma a encontrar solução definitiva e permanente para a indústria carbonífera brasileira.

b — **Petróleo**

No setor do petróleo reside, indiscutìvelmente, o grande problema da economia brasileira. Não só pela importância dos hidrocarbonetos como fonte de energia, mas — e principalmente — por constituir um dos maiores itens da nossa lista de importações.

Estas circunstâncias, aliadas ao fato de que o balanço de pagamentos do País constitui o maior ponto de estrangulamento do nosso desenvolvimento, e o mais difícil de ser corrigido, explicam a concentração das atenções do País na atividade da Petrobrás, e na avaliação dos frutos da política de petróleo em vigor.

Um balanço dos sete anos da execução desta política mostra progressos, não só no transporte e no refino, como na própria produção. É certo que êles não são pequenos nem desprezíveis; que a emprêsa estatal conseguiu estabilizar, durante alguns anos, o crescente dispêndio cambial com os produtos petrolíferos; deve atingir, em breve, a auto-suficiência no refino; e, dentro das possibilidades atuais de programação, reuniu significativa frota de petroleiros. E, se são procedentes algumas críticas relativas ao nível de eficiência e produtividade de determinados conjuntos industriais, ou de certos serviços, ninguém pode negar que a criação de um complexo industrial de tal importância, em uma economia sem a disponibilidade de fatôres essenciais como a técnica, a mão-de-obra especializada e os bens de produção indispensáveis,

constitui obra que honra os administradores e técnicos nacionais, documenta a nossa capacidade de rápida absorção de novas tecnologias, justifica as esperanças de correção de falhas ou insuficiências ainda existentes, e testemunha o sucesso da política do monopólio estatal.

Tais progressos não podem, entretanto, toldar a rude realidade de que os esforços desenvolvidos no campo da prospecção e da lavra ainda não conseguiram reduzir a dependência em que se encontra o abastecimento nacional de petróleo de fontes produtivas estrangeiras. E se as limitações dos progressos alcançados na produção nacional de petróleo devem ser imputadas fundamentalmente a desacertos administrativos e às dificuldades da geologia brasileira, tal fato em nada reduz ou altera a dimensão do risco e do ônus da importação de petróleo estrangeiro.

O Govêrno está consciente da situação e pretende acompanhar atentamente o seu desenvolvimento, tal como o devem fazer tôdas as demais autoridades do País, e o seu Povo, para que se previnam crises de incalculáveis conseqüências para o progresso e a segurança nacionais. Um povo responsável não pode descansar sôbre o equacionamento de determinados problemas e o encaminhamento de suas soluções por certos métodos, sem a disposição de concentrar todos os seus esforços para o sucesso da política escolhida.

Já em 1953, quando a Lei n.º 2.004 instituiu a Petrobrás, criando o monopólio da União nos assuntos de petróleo, deveriam ter sido adaptados e atualizados os órgãos então existentes, para o correto desempenho das novas atribuições que lhes eram conferidas.

Tal não se fêz. Nesses sete anos decorridos, a situação agravou-se com o crescimento de tôdas as atividades relativas a petróleo.

Enquanto todos os setores progrediram no petróleo brasileiro, o Conselho Nacional do Petróleo parou no tempo — o que importa em involuir — incapaz de desempenhar com eficiência as funções de orientação e fiscalização que a Lei n.º 2.004 lhe prescreveu. É anterior à vigente Constituição da República a le-

gislação que o rege, assim como aquela que disciplina delicadas atividades de petróleo, tais como: a distribuição pelas grandes companhias estrangeiras; a concessão de novos títulos de distribuidor e de importador de derivados; tôda a máquina de fiscalização, desde a quantidade e qualidade entrada nos portos, até a venda do produto adulterado no varejo; o estabelecimento das normas contábeis para as refinarias, a fim de possibilitar a fiscalização; a fixação de preços para os produtos tabelados.

Prover o Conselho Nacional do Petróleo do mínimo indispensável ao exercício de seus deveres legais é urgente, a fim de obviar às constantes ameaças de colapso no abastecimento nacional de petróleo, e para que o Govêrno possa tornar efetiva a fiscalização, defendendo a economia popular contra as numerosas fraudes em preços e em qualidade.

Em 1960, a produção do óleo cru participou com 30,4% em relação ao consumo nacional de derivados (em têrmos de petróleo bruto), enquanto a produção interna de derivados atingiu 67% do consumo. Mas o dispêndio com a importação de produtos petrolíferos (257 milhões de dólares) foi maior que em 1959 (253,8 milhões de dólares).

Apesar do esfôrço e do progresso da Petrobrás, que já elevou para quase 81.000 barris a média diária dos poços baianos, em 1960; ampliou a refinaria Presidente Bernardes, em Cubatão, para uma capacidade de refino de 10.000 barris por dia; aumentou até 42 000 barris-dia o processamento da refinaria Landulfo Alves, em Mataripe; apesar de todo êsse esfôrço, muito mais ainda há que fazer, pois a produção nacional de derivados de petróleo não tem acompanhado o ritmo do consumo brasileiro, e o País continua a despender substanciais quantias em dólares na sua importação.

O Govêrno, no setor do refino, arcará com pesados e urgentes ônus para fazer funcionar, até o fim do corrente ano, a refinaria Duque de Caxias, no Estado do Rio de Janeiro, e para colocar em operação as unidades de produção de lubrificantes, na refinaria Landulfo Alves, que permitirão aproveitamento mais racional e econômico do óleo baiano refinado no País.

Importa colocar em ação a Usina Protótipo, em São Mateus do Sul, para xisto betuminoso, a fim de realizarmos experiências definitivas sôbre o custo do óleo extraído do xisto, uma vez que as reservas dêste são muito mais amplas do que aquelas já cubadas pela Petrobrás, até o momento, e contêm quantidades recuperáveis de óleo avaliadas em 750 milhões de barris.

O Govêrno entregou a direção da Petrobrás a um técnico dos quadros da emprêsa, para acelerar, em bases estritamente técnicas, comerciais e econômicas, a execução do programa brasileiro de petróleo, sem a interferência de fatôres emocionais.

Além da atividade dos trabalhos de desenvolvimento de campos petrolíferos e de recuperação secundária, foi determinado ritmo mais intenso na pesquisa, fora da Bahia, particularmente sôbre os novos indícios de petróleo colhidos em 1960 nas bacias da Amazônia, Maranhão, Alagoas — Sergipe e Paraná.

c — Energia Elétrica

O setor de energia elétrica apresenta, nos seus aspectos financeiros, ingentes dificuldades a vencer. O vulto dos investimentos para execução das instalações necessárias ao atendimento da demanda de energia numa economia em rápida expansão; a concentração crescente dos projetos de produção; e o longo período de maturação dêste tipo de obras impõem a canalização sistemática de significativa parcela das poupanças nacionais para o aumento da capacidade geradora e da rêde de transmissão e distribuição.

O problema financeiro da energia elétrica ainda não teve no País solução adequada. A responsabilidade pelo setor encontra-se dividida entre emprêsas privadas, que têm a seu cargo mais de 50% da produção e mais de 70% da distribuição da energia elétrica consumida, servindo às áreas mais industrializadas; e entre emprêsas públicas federais, estaduais e municipais, criadas sem planejamento geral, e cuja participação na produção e distribuição de energia é crescente. As emprêsas privadas estão com a sua capacidade de investimento limitada por fôrça de ina-

dequado regime econômico-financeiro do serviço, que as coloca em posição desvantajosa, na competição para a obtenção de capitais, em relação a outras atividades.

As emprêsas públicas, por outro lado, vêm baseando os seus esquemas financeiros quase que exclusivamente em recursos tributários insuficientes, ou em créditos de bancos estatais.

O atendimento da demanda prevista nos próximos anos exige a elevação da potência instalada, do nível atual de 4 600 000 kW para o mínimo de 8 000 000 kW em fins de 1965; ou seja, a entrada em serviço, no próximo qüinqüênio, de 3 400 000 kW de novas usinas. Já se acham em construção, em estado mais ou menos avançado, obras num total de cêrca de 2 100 000 kW. Há, portanto, que iniciar e terminar no qüinqüênio obras que proporcionem uma capacidade adicional de 1 300 000 kW. Além disso, há que fazer grandes inversões na expansão dos serviços de transmissão e distribuição, já bastante deficientes na maior parte das regiões do País, e iniciar projetos destinados a atender à demanda prevista para depois de 1965.

Uma sadia programação dos investimentos exige, no entanto, que não se comecem novas obras antes que esteja devidamente equacionada, em têrmos financeiros, a conclusão das já em curso, não só no que concerne à sua capacidade geradora como à distribuição da energia produzida, pôsto que a pulverização de recursos e a excessiva imobilização improdutiva de capitais em obras em andamento são fontes de insuportável prejuízo para a economia do País.

Os projetos em execução já têm o seu ritmo prejudicado pela insuficiência dos recursos públicos e privados, desvalorizados pela inflação, e ainda exigem grandes capitais para serem completados. O término da usina de Furnas, por exemplo, de que depende o abastecimento da região mais industrializada, exigirá, neste Govêrno, investimentos equivalentes aos realizados no Govêrno passado.

E' indispensável, portanto, a formulação de uma política clara e objetiva, que incentive as emprêsas privadas, e lhes garanta o acesso às fontes normais de financiamento do País e do exte-

rior, de forma a lhes permitir a manutenção de serviços adequados nas suas zonas de concessão. Predominando, todavia, no setor emprêsas privadas sob contrôle estrangeiro, tal política deverá incluir medidas que estimulem a participação de capitais genuinamente nacionais nessas emprêsas, de forma a obter a sua progressiva nacionalização, sem prejuízo da expansão do serviço, e sem que haja necessidade de desviar, para êste fim, recursos públicos indispensáveis ao atendimento de outras regiões.

Essa política não alterará o processo natural do aumento gradativo de participação do Estado no setor. A criação da Eletrobrás dará ao Poder Executivo instrumento eficiente para a organização das emprêsas federais de eletricidade, que deverão ser orientadas segundo sadios princípios econômicos, preservando-se o espírito empresarial e comercial do setor, para que sejam mantidas as condições de eficiência e rentabilidade exigidas pelo interêsse nacional.

De pouco valerá, no entanto, a autorização legal para organizar emprêsas públicas, se não fôr revisto o esquema financeiro a cuja execução se destina, pois tôda a receita do Fundo Federal de Eletrificação, nos próximos anos, já se acha comprometida com as obras em execução. Aliás, o volume dos recursos dêste Fundo já de há muito se tornou inadequado. No caso do impôsto único sôbre energia elétrica, por exemplo, a incidência específica reduziu a importância relativa da sua arrecadação a menos de 5% dos investimentos anuais no setor, em moeda nacional.

Não obstante a conjugação de todos os esforços, públicos e privados, para a manutenção de adequados serviços de energia elétrica, não será fácil mobilizar, quer no País, quer no estrangeiro, o volume dos recursos financeiros para investimento em energia elétrica, requerido pela expansão da economia brasileira. Essa circunstância aumenta o alcance da programação das grandes obras elétricas, tanto estatais como privadas, em estreita colaboração com as entidades financeiras do País, não só para que se integrem nos sistemas existentes, como para que se determine o grau de prioridade e o ritmo de execução de cada projeto.

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Neste papel caberá ao Ministério de Minas e Energia, em cuja estrutura deverão figurar, remodelados, os órgãos incumbidos de aplicar o Código de Águas e de fiscalizar os serviços de energia elétrica, que de há muito se tornaram desaparelhados para o desempenho das suas atribuições, em conseqüência da grande expansão de tais serviços.

d — **Energia Nuclear**

É imperativo o emprêgo da energia nuclear no Brasil, detentor de enormes jazidas de tório, e de reservas apreciáveis de urânio. Os progressos realizados nos últimos cinco anos foram pequenos, proporcionadamente à relevância do problema e às necessidades do País, pois, apesar da dedicação dos nossos cientistas e técnicos, faltou-lhes o apoio do Poder Público. Não dispomos, ainda, de uma lei que regule as atividades relacionadas com a energia atômica, o que deverá ser providenciado.

Sério percalço, no programa da energia nuclear, é a falta de técnicos. A exceção das equipes do I. E. A. (São Paulo) e I.R.P. (Belo Horizonte), não conta o País com outros grupos que se dediquem aos problemas básicos da engenharia nuclear. Há que incentivar a formação de técnicos e desenvolver os centros de pesquisa especializada.

Apesar da nossa deficiência em homens e em equipamento nesse setor, capitaneamos incontestàvelmente essas atividades na América Latina. Tal posição, entretanto, estará sèriamente ameaçada se essas iniciativas não forem incentivadas em tôdas as suas fases, desde a formação do elemento humano até a industrialização da energia atômica.

Para que êsse desenvolvimento se torne possível, será estabelecido um programa, para os próximos cinco anos, que inclua a construção de um ou mais reatores experimentais, para a geração de energia elétrica. Estudos preliminares, últimamente efetuados no Instituto de Energia Atômica, indicam que êsses reatores produzirão energia, a preços competitivos, para o Nordeste. Serão construídos pela indústria nacional e utilizarão urânio atômica-

mente puro, cuja produção, no País, se tornou realizável graças à recente descoberta de nossos cientistas.

Ênfase especial deverá ser dada ao estudo do desenvolvimento de reatores que funcionarão no ciclo do tório. Tal etapa, entretanto, não é de execução imediata, e sòmente poderá ser atingida mediante a utilização inicial de combustíveis, como o plutônio, a ser produzido em nossos futuros reatores, quer de urânio natural, quer de urânio enriquecido. Êste último poderá ser importado, desde que seu fornecimento possa ser obtido em condições favoráveis, pois a sua produção no território nacional não é viável, no momento.

Importa iniciar, sem perda de tempo, a produção de urânio e tório atômicamente puros, para suprir nossas necessidades em combustíveis nucleares nos próximos anos. Após a elaboração de um plano de utilização de energia nuclear no País e de um estudo cuidadoso das nossas reservas de minérios atômicos, é que se poderá avaliar a conveniência de sua exportação, no mais alto grau de beneficiamento compatível com a nossa indústria, a fim de obter compensações específicas, instrumentos e técnicos visando a desenvolver ràpidamente, entre nós, a aplicação industrial da energia nuclear, desde que atendidos os imperativos da segurança nacional.

Em razão da ameaça de escassez de energia hidrelétrica nos próximos anos, o Govêrno deverá contemplar a eventual importação de reatores destinados à produção de eletricidade, tendo em vista os seguintes critérios, não necessàriamente exclusivos: a utilização de combustível atômico nacional e a preferência aos reatores com o maior número de componentes construídos pela nossa indústria.

Ao lado dessas atividades, deverá ser dado apoio amplo à produção e à utilização de radioisótopos, para atender aos reclamos da medicina, da biologia, da agricultura e da indústria.

Dentro de um ano, tôdas as necessidades nacionais em isótopos radioativos serão supridas pelos reatores existentes no Brasil, e será possível a sua exportação.

2 — TRANSPORTES

a — Marítimo e Interior

O transporte marítimo, pela concentração litorânea da economia do País, deveria ocupar posição preponderante no sistema nacional de transportes. Esta era a situação até a última guerra, desde quando a navegação de cabotagem vem perdendo sua posição relativa no volume total de tráfego. Contribuiram para esta decadência a falta de renovação da frota mercante, os progressos insuficientes na produtividade da navegação e da operação portuária, e os custos crescentes da manipulação de carga nos portos.

Os esforços do último decênio para correção dêste quadro ativeram-se, quase exclusivamente, aos problemas de investimento, tanto na frota como nos portos. Não obstante esta política, 80% da capacidade da frota de cabotagem ainda é constituida de navios com mais de 10 anos de uso. A frota de longo curso do Lóide Brasileiro já se aproxima da idade limite de exploração econômica. E sòmente para o transporte de combustíveis líquidos possui o País uma frota em condições técnicas adequadas.

A implantação da indústria de construção naval permitirá renovar e expandir a frota mercante, com mais regularidade, e com menor pressão sôbre o balanço de pagamentos. No entanto, o esquema financeiro em que se baseou a indústria necessita ser urgentemente revisto, com aumento importante dos recursos atribuidos ao setor, pois, aos preços atuais de construção, não serão suficientes para mantê-la ocupada.

Quanto aos investimentos portuários, a criação do Fundo Portuário e da Taxa de Melhoramento dos Portos ainda não proporcionou benefícios, pois o plano de melhoria e expansão que estas receitas deviam custear pràticamente não teve sua execução iniciada.

Pequenas serão, entretanto, as repercussões dêste esfôrço de investimento no setor, sem que, ao mesmo tempo, se reorganizem e regulamentem os serviços de navegação e portuários, com vistas ao aumento da sua produtividade. A legislação específica, elaborada para outras condições econômicas e tecnológicas, ao invés de

contribuir para maior eficiência dos serviços, é uma das causas da baixa produtividade. Principalmente no que diz respeito à organização do trabalho a bordo e nos portos, à execução dos serviços portuários, e à polícia do tráfego de embarcações e do transporte sôbre água. Sem a sua revisão, não há esperança de se restabelecerem as condições econômicas de exploração do transporte sôbre água, liberando o Tesouro Nacional do deficit de operação das emprêsas de navegação, tanto públicas como privadas, o qual neste exercício deverá ultrapassar 21 bilhões de cruzeiros; nem de auferir os benefícios do aumento da participação da bandeira brasileira no comércio exterior, a qual deve ser incentivada, para reduzir o ônus que os fretes internacionais representam no nosso balanço de pagamentos.

A reorganização dos serviços deve ser acompanhada da melhoria da qualidade do trabalho, tanto na navegação, como nos portos, pela expansão das escolas especializadas.

Pretende, além disso, o Govêrno, nesta reorganização, criar condições saudáveis para o desenvolvimento das emprêsas privadas no setor, às quais deve caber a maior responsabilidade no incremento dos serviços de transporte sôbre água. Quanto às emprêsas federais, será indispensável rever-lhes a organização, com o objetivo de reduzir-lhes o deficit de custeio.

Sem o pretendido aumento de produtividade, também não haverá condições para expansão da navegação fluvial.

b — **Ferroviário**

As estradas de ferro federais continuam a apresentar os mesmos problemas que se definiram logo após o término da última guerra. O programa de reaparelhamento, iniciado em 1952, conseguiu melhorar as condições de atendimento da demanda aparente, mas ainda há várias atividades ou regiões cuja expansão é contida pela incapacidade de transporte das estradas da Rêde Ferroviária Federal S.A. Pequenos foram os progressos na eficiência da operação e na qualidade do serviço; e, não obstante o esfôrço de investimento no setor, o deficit de operação vem aumentando aceleradamente. A revisão dos vencimentos e van-

tagens dos servidores públicos no ano passado, elevando as despesas com o pessoal da R.F.F.S.A., em 1961, a mais do dôbro do que eram em 1959, faz prever o deficit de operação ferroviária no corrente exercício em mais de 35 bilhões de cruzeiros. A despesa total da R.F.F.S.A. em 1961 corresponderá a cêrca de 2,8 vêzes a sua receita, fazendo do sistema ferroviário federal o mais deficitário do mundo. Cêrca de 16% de tôda a arrecadação tributária federal serão aplicados na cobertura dêste deficit, que contribui com parcela significativa para o desequilíbrio orçamentário da União; constitui grave fator inflacionário, e é causa de transferências injustas de renda e de distorções na economia.

Não é possível ao País continuar a suportar esta situação, e será indispensável um esfôrço esclarecido, coordenado e constante, para reduzir o deficit em prazo curto, e criar as condições para sua eliminação. Parte importante do deficit deve ser atribuída a tarifas insuficientes, principalmente no tráfego de passageiros, matérias-primas e gêneros alimentícios; às despesas excessivas com o pessoal: ao desaparelhamento técnico: e à administração e operação ineficientes. Por conseguinte, além da continuidade de execução do programa de reaparelhamento, será necessário reduzir os gastos ao estritamente indispensável, restabelecer o espírito empresarial e a preocupação comercial, reorganizar a administração ferroviária, modernizar os métodos de operação, e adotar política corajosa e realista de tarifas.

A experiência passada mostra, entretanto, que, embora essas medidas possam contribuir para reduzir o deficit em percentagem significativa, não serão suficientes, com a atual densidade do tráfego, para alterar a sua tendência de crescimento. Será impossível restabelecer o equilíbrio do sistema ferroviário, ou sequer estabilizar o deficit de operação, se a sua utilização não fôr elevada e mantida acima do nível mínimo exigido para exploração econômica de linhas férreas. Tôda a política ferroviária deve orientar-se, portanto, para o aumento da densidade de tráfego.

Nas regiões cujas características não oferecem perspectivas de assegurar o volume de tráfego indispensável à exploração de ferrovias, não há outra alternativa senão a sua substituição pela rodovia. Pretende, pois, o Govêrno aplicar a legislação em vigor, que

prevê a substituição de linhas férreas antieconômicas por estradas de rodagem.

No sistema de grandes eixos a que se deve restringir a rêde ferroviária, o aumento de densidade poderá ser conseguido, em algumas linhas, pelo incremento da extração mineral, atividade que tem sido limitada pela insuficiência de transporte ferroviário. Mas na sua maior extensão, o crescimento do tráfego será função da sua capacidade de competir com o transporte rodoviário, tanto em preço quanto em qualidade de serviços; e esta capacidade dependerá de reaparelhamento têcnico das ferrovias (especialmente remodelação da via permanente) e de uma politica geral que não altere as vantagens relativas de cada meio de transporte, resultantes das suas caracteristicas técnicas e econômicas. No entanto, as atuais condições de traçado das linhas férreas federais oferecem limitação intransponível para que o sistema alcance a produtividade e densidade crescentes, que lhe permitam absorver os aumentos reais de renda do pessoal, e compensar os progressos tecnológicos dos meios de transporte mais modernos. Será indispensável, portanto, iniciar um programa de obras visando a dar às linhas férreas federais condições técnicas atualizadas. Os recursos exigidos por êste programa são vultosos, mas poderão ser obtidos, sem aumento apreciável de nivel relativo de capitalização no setor, pela reorientação dos investimentos ferroviários e pela eliminação de desperdícios.

A situação do sistema existente e as necessidades de investimento para sua correção impõem a concentração de esforços nesta tarefa prioritária, antes de procurarmos expandir a rêde ferroviária nacional. Alcançada a exploração econômica, será ocasião de prosseguir na construção das linhas com justificativa econômica, e os recursos liberados pela eliminação do deficit permitirão terminar as obras novas em curso mais ràpidamente do que no regime atual de pulverização do capital disponivel.

c — Rodoviário

A crescente importância do transporte rodoviário avulta, no caso brasileiro, pela inadequação dos meios tradicionais, construi-

dos em função de uma estrutura econômica superada; pela pequena concentração da produção, que não oferece condições para o desenvolvimento do transporte ferroviário; e pelo processo de ocupação territorial, que ainda se prolongará por muitos decênios e que deve basear-se no transporte rodoviário.

Os interêsses do País exigem, entretanto, a correção de práticas e a mudança de orientação vigentes no setor rodoviário.

Os recursos aplicados em rodovias no último decênio poderiam ter proporcionado maiores benefícios, não fôra o desperdício decorrente da insuficiência de estudo dos projetos e da qualidade inferior de execução das obras rodoviárias. Será indispensável restabelecer a preocupação com os custos e com a técnica de construção, evitando que prazos insuficientes ou a urgência emprestada às inaugurações se constituam em fonte de prejuízos para a comunidade.

Quanto aos critérios de prioridade das obras, pretende o Govêrno integrar a programação rodoviária no planejamento coordenado dos investimentos em transportes. As novas estradas de rodagem não podem desconhecer os meios preexistentes. Ao contrário, a maior prioridade deverá ser emprestada àqueles investimentos que contribuam para o incremento da eficiência global do sistema, especialmente no que diz respeito à pavimentação ou à construção de estradas de rodagem destinadas a substituir linhas férreas antieconômicas. Os benefícios desta política não se limitam ao progresso das regiões atualmente servidas por estradas de ferro ineficientes, e que não podem ser reaparelhadas pela inexistência de justificativa econômica para os investimentos necessários. Êles compreenderão, também, a eliminação do deficit de operação das linhas férreas substituídas.

A segunda prioridade deve ser emprestada à pavimentação da rêde existente. As exigências do transporte rodoviário moderno não mais admitem estradas de rodagem sem qualquer tipo de revestimento.

A concentração dos recursos disponíveis na melhoria de grande extensão das estradas existentes, ao invês da construção de pequeno número de novas rodovias, permitirá ao País auferir, do mesmo capital, benefícios mais expressivos.

Os novos troncos, em regiões que já dispõem de rodovias, deverão ser adiados para época posterior, quando o incremento de tráfego justificar os investimentos necessários. Nos próximos anos, a construção rodoviária deverá orientar-se para as estradas necessárias à integração do mercado nacional e ao estreitamento da malha atual. A preocupação de coordenação com as ferrovias conduzirá à preferência pelas estradas que prolonguem os eixos ferroviários, contribuindo para aumentar a densidade de tráfego dêstes, ou que sirvam de vias coletoras das ferrovias.

As fontes de recursos para investimentos em rodovias precisam sofrer revisão geral, orientada no sentido de se evitarem métodos inflacionários de financiamento, de obter maior justiça tributária e de obrigar os veículos rodoviários a suportar os custos da via proporcionada pelo Estado. Novas fontes de recursos vinculados deverão ser encontradas, para que se reduza a pressão das obras rodoviárias sôbre o orçamento da União e dos Estados, e para compensar os dispêndios realizados pelo Govêrno passado como antecipação de receitas a arrecadar nos próximos exercícios. A contribuição de melhoria deverá ter sua aplicação generalizada, simplificando-se o processo da legislação vigente, como meio de redistribuir os benefícios da valorização imobiliária decorrente de obras públicas.

A distribuição dos custos da via entre os seus usuários está ligada à necessidade de melhorar o nível de conservação das rodovias em tráfego, e de não distorcer as condições competitivas naturais dos vários meios de transporte. O crescimento contínuo da rêde rodoviária e o incremento do tráfego exigem que maiores atenções sejam emprestadas ao problema da conservação, que se acha relegado a segundo plano. Deverá ser estudada a conveniência de distinção entre os recursos para conservação e investimento, evitando-se que a unidade da fonte financeira permita o aumento dos investimentos em prejuízo da conservação. E outros métodos de distribuição dêsses custos, como o pedágio, devem ser explorados, além do impôsto único sôbre combustíveis líquidos.

A verdade nos custos de transporte tem importância especial no caso do rodoviário. Sendo o meio de transporte mais moderno, em constante progresso tecnológico, utilizando vias construídas em

condições técnicas mais adequadas, e localizadas em função da nova estrutura econômica do país, será indispensável manter a realidade dos seus custos, para que não fiquem agravadas as condições competitivas no sistema de transporte. Essa observação se estende aos combustíveis líquidos e lubrificantes, que não devem continuar a constituir objeto de subsídio cambial.

d — **Aeroviário**

As dimensões continentais do País impõem a expansão do transporte aeroviário de passageiros, que já se definiu, nos últimos anos, como meio mais econômico do que o ferroviário ou o rodoviário, para a execução dêste serviço a longa distância. Por outro lado, extensas regiões brasileiras, de baixa densidade demográfica e econômica, desprovidas de qualquer transporte terrestre, sòmente por via aérea podem ser atingidas.

Essas circunstâncias, aliadas aos estímulos governamentais, explicam a extraordinária expansão da nossa aviação comercial doméstica, que ocupa lugar destacado no mundo.

Não obstante, os serviços aéreos nacionais atravessam, no momento, sérias dificuldades financeiras. Contribuíram para tanto, entre outras causas, o crescimento exagerado da frota, em excesso das provisões razoáveis da demanda dos serviços, em parte resultante da falta de planejamento e de orientação governamental, em parte da revolução tecnológica nos veículos aeroviários nos últimos anos; e as repercussões da inflação interna nos custos de operação. A União vem suportando a maior parte destas dificuldades financeiras, através de subvenções à operação das emprêsas de navegação aérea e aos seus investimentos, cujo montante já ultrapassa 3 bilhões de cruzeiros anuais. Além disso, as emprêsas são devedoras de ágios ao Banco do Brasil e de contribuições à Previdência Social.

Será necessário enfrentar esta situação, com objetividade e realismo, para sanear as finanças das emprêsas de navegação aérea, restabelecendo as condições para a sua operação equilibrada, e libertando o Tesouro Nacional das contribuições atuais para o custo dos transportes aéreos.

Nesse sentido, há que normalizar a oferta de transporte; obter a estrita obediência às tarifas em vigor; alcançar ampla compensação de passagens de tôdas as emprêsas; incentivar a concentração de emprêsas e a unificação de serviços auxiliares; rever a rêde de linhas interiores, de forma a substituir os métodos indiretos de subvenção e subsídios pelo auxílio direto às linhas deficitárias que devam ser mantidas por motivos de interêsse público.

A importância dêste saneamento avulta à vista do esfôrço de investimento a que será obrigada a União nos próximos anos, para melhorar a infra-estrutura aérea, a fim de adaptá-la às exigências técnicas das aeronaves modernas e aumentar a segurança de vôo.

A dependência em que se encontra o setor da importação de veículos e peças de manutenção, e a situação do balanço de pagamentos do País, exigirão, em futuro próximo, maior prudência na expansão dos serviços internacionais, que não poderão merecer prioridade nas necessidades brasileiras de investimento se a sua exploração não puder realizar-se com equilíbrio, em têrmos de receitas e dispêndios cambiais.

e — **Política Geral**

As observações acima sôbre os vários meios de transporte mostram o estado de caos financeiro em que se encontra o setor, com a operação de todos os meios, custeada em parte por subvenções públicas ou subsídios cambiais, e com o desperdício de poupanças nas duplicações, nos superdimensionamentos de capacidade, ou nas obras sem justificativa econômica ou prioridade.

A natureza dos atuais problemas no setor do transporte demonstra a necessidade de definição de uma política geral que assegure a ação coordenada dos órgãos administrativos competentes. Ainda que constituído por meios alternativos ou complementares, utilizando técnicas diferentes, o sistema de transporte deve ser encarado na sua unidade.

Êsse sistema tem por finalidade precípua servir à produção do País e deve ser orientado por considerações econômicas. Interêsses da defesa nacional, ou de natureza político-social, influenciam de-

terminadas decisões sôbre localização, capacidade e características de alguns meios de transporte, as quais podem ser tidas como excepcionais, e devem ser examinadas em cada caso.

As condições ótimas do sistema de transporte não se podem resumir na adequação quantitativa e qualitativa à demanda, mas o interêsse nacional exige que êle opere com a maior eficiência possível, pois dela depende a própria eficiência da economia e a taxa de desenvolvimento econômico do País.

A possibilidade de realização da mesma função de transporte por diferentes meios, a custos e níveis de qualidade diferentes, torna mais complexo o problema de obtenção da maior eficiência do sistema de transporte. Quanto às condições de funcionamento, ela exige, a cada momento, a exploração eficiente dos elementos que o compõem; a distribuição do transporte total entre os vários meios, de tal modo que cada um execute a quantidade de tráfego que possa realizar com o menor consumo de fatôres, para a adequada qualidade do serviço; e a utilização coordenada de várias formas de transporte, quando esta combinação de duas ou mais formas pode proporcionar resultado melhor, em têrmos de serviço-custo, do que o emprêgo de uma delas. Em relação às condições de desenvolvimento do sistema, essa eficiência dependerá do incremento da capacidade total pela expansão dos meios que, em cada caso, mais contribuam para a eficiência global do sistema; do aumento de produtividade de todos os meios; da criação ou desenvolvimento dos novos tipos de transporte, de qualidade mais adequada, ou mais eficiente; e da pronta eliminação da capacidade excedente do sistema, para evitar o desperdício de fatôres de produção.

Diferentes métodos podem-se adotar para atingir êstes objetivos, mas o País deve manter-se fiel ao sistema de livre competição entre os meios alternativos de transporte, pois só o usuário pode realizar, em cada caso, e com objetividade, a opção pelo meio mais econômico, já que é o único que tem conhecimento de todos os custos, diretos e indiretos, do transporte da sua mercadoria. O Estado exercerá a sua orientação através do planejamento dos investimentos na expansão do sistema, procurando obter a neutralidade da regulamentação e a realidade dos preços de cada meio de

transporte, para que as opções dos usuários não se baseiem em dados falsos.

Para isto será indispensável habilitar o Ministério da Viação e Obras Públicas a desempenhar eficientemente a sua função de orientador do sistema nacional de transportes, dotando-o dos recursos necessários para apurar periòdicamente as contas nacionais de transporte e realizar os estudos técnicos e econômicos indispensáveis a decisões racionais objetivas sôbre investimentos para expansão do sistema.

3 — COMUNICAÇÕES

O panorama das comunicações, no plano da infra-estrutura exigida pelo desenvolvimento do País, caracteriza-se pela generalizada ineficiência e precariedade dos serviços, inexistência de planejamento global, marcado desajuste institucional e grave insuficiência de recursos para atender aos seus urgentes imperativos de crescimento.

E' pensamento do Govêrno determinar as providências para que se torne realidade o Código de Comunicações, que dê organicidade a tais serviços e defina as linhas gerais de sua economia.

No setor essencial dos Correios e Telégrafos, o quadro aludido torna-se especialmente agudo. Pretende o Govêrno proceder, de imediato, à reestruturação do órgão, emprestando todo o cuidado ao melhor enquadramento do seu pessoal, dentro das exigências de máximo rendimento e produtividade, evitando os ônus do empreguismo e das prestações de trabalho duplicadas ou parasitárias.

No capítulo fundamental da recuperação financeira de tais serviços, há que ser perseguido o ideal de sua autonomia econômica e a superação do caráter simbólico de suas tarifas. E especialmente urgente se torna tal imperativo, ao se considerarem os reflexos sôbre os custos dos serviços, dos encargos salariais impostos pelo Plano de Reclassificação.

Tem o Govêrno consciência de que tal política não se pode realizar de um só golpe, nem é possível, nesta etapa, ir além de providências que apenas impeçam o agravamento do deficit de ope-

ração, que, neste exercício, deverá exceder de 25 bilhões de cruzeiros.

Não poderá a Administração executar, em prazo curto, um plano realista de aumentos maciços dos investimentos na rêde de Correios e Telégrafos. Tal não impede, porém, que a implantação de novos serviços, como o de Telex, possa, desde já, atingir padrão de adequada rentabilidade, ou que, à base de racionalizações e reorganizações, ou de aperfeiçoamentos tecnológicos, venham os serviços existentes apresentar, desde logo, sensíveis e permanentes melhorias.

Um plano racional de comunicações exige, por outro lado, instalação e preservação de rêde telefônica, que sirva aos interêsses do desenvolvimento do País. O Govêrno já constituiu comissão com a incumbência de recomendar as medidas necessárias à criação de um sistema nacional de comunicações telefônicas.

O problema de radiodifusão e televisão está sendo estudado pelo Govêrno, visando a regulação que atenda as exigências do regime democrático e dos superiores interêsses da educação.

4 — INDÚSTRIA

A indústria, setor mais dinâmico brasileiro, continuará a merecer tôda a atenção do Govêrno. O processo de industrialização, depois de orientar-se inicialmente para os bens de consumo final, teve recentemente transferido para os bens de produção o eixo principal de seu crescimento.

Alguns dados contribuirão para ilustrar a referência acima. Para os ramos cujas estatísticas nos permitem analisar um período mais longo, vamos observar entre 1949-1959 as mais altas taxas de crescimento nas indústrias químicas (266,2%), de borracha (172,8%), metalúrgica (156,7%), de transformação de minerais não metálicos (146,6%) e gráfica (143,3%). No mesmo período, apresentaram dinamismo particularmente pequeno as indústrias de couros e peles (31,5%), têxtil (69,6%) e de produtos alimentícios (91,1%).

Se considerarmos o enorme pêso dessas duas últimas, no total dos bens de consumo, compreende-se a situação de inferiori-

dade do setor. Essa impressão não é modificada ao examinarmos as indústrias cujos índices de crescimento apenas são conhecidos a partir de 1955. Assim é que, dentre os três ramos que registram as maiores taxas de crescimento, no período 1955-1959, dois — material de transporte (135,2%) e material elétrico e comunicações (58,2%) — se incluem no setor de bens de produção.

Essa tendência ganha especial significação para o desenvolvimento do País face ao obstáculo à aquisição de bens de capital no exterior, criado pela escassez de divisas. E' no reconhecimento da importância desta orientação que o Govêrno adotará as providências necessárias para o prosseguimento da expansão do setor de bens de produção. Jamais perderá de vista, entretanto, uma correta definição de prioridades que dê a devida importância às dimensões e estrutura da procura, e leve em conta a disponibilidade total de recursos para investimento.

A manutenção e o incremento do processo de industrialização devem superar várias dificuldades que enfrenta o setor industrial para o seu desenvolvimento equilibrado. Importa destacar, entre estas, em primeiro lugar, o financiamento da venda de bens de produção. Tôda indústria de equipamento deve apoiar-se em crédito a prazo médio ou longo para colocação dos seus produtos. O Brasil não dispõe de tais facilidades, e pode-se mesmo dizer que a situação regrediu, pois o agravamento da inflação desencorajou tôdas as formas de mútuo em moeda nominal, a começar pelos depósitos a prazo fixo que poderiam desempenhar, através da rêde bancária comercial, importante papel na solução do problema.

As sociedades de crédito e financiamento, surgidas recentemente em função do próprio clima inflacionário, vêm-se concentrando precipuamente nas vendas a prestação de bens de consumo duráveis, mas acham-se limitadas, também, pelas características e tendências do incipiente mercado de capital. Deve-se assinalar o esfôrço dos Governos Estaduais, que procuram preencher essa lacuna do nosso mercado de crédito. E o Govêrno Federal não se pretende omitir nas suas responsabilidades. Não há duvida, entretanto, que a sua maior contribuição consistirá

em obter a estabilidade monetária, único clima em que poderá florescer o mercado de capital, solução permanente e definitiva para o problema.

A segunda dificuldade diz respeito ao reequipamento, principalmente na indústria tradicional. A inevitável eliminação dos subsídios cambiais à importação da maquinaria tornou, de golpe, insuficientes as reservas de reposição. A par disso, a obrigatoriedade de aquisição de equipamentos, no País, retirou ao industrial brasileiro as facilidades representadas pelo financiamento, quase automático, no caso de compras externas.

Será indispensável reconhecer integralmente os efeitos da inflação sôbre os valores contábeis dos ativos das emprêsas industriais, admitindo na legislação fiscal, para fins de dedução dos custos de depreciação, os valores reais de reposição dos equipamentos. O financiamento interno dos bens de produção virá também facilitar o reequipamento.

Outra limitação do processo industrial é a insuficiência de capitais, que deixa os grandes projetos industriais na dependência de substanciais participações do setor público, através de financiamentos ou subscrições de capital de bancos ou emprêsas estatais. As perspectivas das finanças públicas, em futuro próximo, não permitem assegurar sequer a mesma contribuição do passado, e muito menos o seu incremento. Esta circunstância contribui para ressaltar a importância do rápido desenvolvimento do mercado de capital. A coleta e concentração da poupança interna para o financiamento de projetos de alto custo unitário têm-se processado, até agora, em grande parte, através dos métodos fundados no poder tributário do Estado. Já esgotamos, pràticamente, as possibilidades dêsses procedimentos. Os problemas financeiros que a União enfrentará nos próximos anos recomendam que as atenções sejam voltadas para os métodos de poupança voluntária e sua canalização, através de um ativo mercado de capital, sob a fiscalização do Estado, para o financiamento do processo de industrialização. Sem negar ou recusar o relevante papel que o Estado ainda deverá desempenhar, por muitos anos, no incentivo e orientação dêste processo, através de auxílios à

capitalização da indústria, o mercado de capital deve ser o sistema procurado para a base definitiva de sustentação da indústria brasileira.

No setor de matérias-primas também será feito um sério esfôrço para ampliar a produção interna. Justifica-se essa preocupação pelo fato de que nossa expansão econômica, no período 1947-1959, provocou um incremento líquido anual de importações dêsses produtos, da ordem de setenta milhões de dólares.

Na orientação do processo de industrialização, deve ser preservada a pequena e média emprêsa. O exame da história do capitalismo e do que se passa entre nós demonstram que essas emprêsas, além da sua importância quantitativa, constituem, freqüentemente, a sementeira das grandes iniciativas do futuro. Com êsse objetivo, será indispensável adaptar as normas de concessão de crédito a essas emprêsas às suas possibilidades e necessidades, fugindo, a um tempo, às limitações do crédito puramente comercial e às excessivas exigências de fundamentação técnico-econômica dos pedidos de financiamento.

É preciso assinalar, entretanto, que as medidas acima delineadas não devem implicar em agravamento do processo inflacionário. Para levá-las a bom têrmo, deverão captar-se e reorientar-se as poupanças voluntárias disponíveis. Para isso, aliás, a contenção da espiral de preços será de grande importância.

No que toca aos vários setores da indústria, cabem aqui, apenas, limitadas referências. O Govêrno continuará todos os esforços anteriores para a ampliação da indústria siderúrgica. Não só concluindo os planos em execução, que garantem o suprimento do mercado previsto para 1965, mas também ampliando as usinas existentes, ou iniciando novas, a fim de atender à demanda estimada para o qüinqüênio seguinte. No campo dos metais não-ferrosos, o País deve buscar a auto-suficiência com relação ao chumbo, zinco e alumínio. Quanto ao cobre e ao estanho, impõe-se intensificar as pesquisas de jazidas dos respectivos minérios. No caso do níquel, o problema é essencialmente tecnológico, assim como em relação a vários outros minérios brasileiros. Será necessário ativar os estudos destinados a determinar as tecnologias adequadas ao seu aproveitamento.

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E' realmente no campo da indústria da extração mineral que o País pode encontrar importante mola para auxiliar o seu desenvolvimento econômico nos próximos anos, tanto com o objetivo de suprir o mercado interno de várias matérias-primas ainda importadas, como, e principalmente, para diversificar a pauta das exportações brasileiras e aumentar a nossa receita cambial. Impõe-se, em primeiro lugar, reorganizar e ampliar os serviços de pesquisas, notòriamente deficientes.

O minério de ferro merece alguns comentários. O Brasil já exporta 5 milhões de toneladas por ano, embora quase que exclusivamente para utilização em aciaria. Importante aumento dessa exportação só poderá ser obtido se disputarmos o mercado internacional de minério para alto forno, o que corresponde às conveniências de uma exploração econômica de nossas jazidas, e à efetiva utilização das massas de minério de mais baixo teor, que superam os cálculos mais imaginosos das necessidades brasileiras em futuro previsível. Não é possível, com a consciência tranqüila, continuarmos a assistir às dificuldades, restrições e limitações econômicas de milhões de brasileiros, enquanto imensas riquezas dêsse mesmo povo continuam imobilizadas, e sem proporcionar à Nação os incalculáveis benefícios que auferiria, se as consequissemos consumir ou vender. E' um desafio que o Govêrno pretende aceitar e vencer, encontrando a solução mais rápida e mais rentável para o povo brasileiro, dentro das circunstâncias e possibilidades, e recusando a participação de grupos estrangeiros, que não consulte os interêsses nacionais.

5 — ATIVIDADES AGROPECUARIAS

a — Situação no Decênio 1951-60

As atividades agropecuárias não vêm acompanhando, em seu conjunto, o desenvolvimento do País. Sua taxa de expansão, comparada à do produto nacional e, principalmente, à da produção industrial, revela não só um crescimento mais lento, mas também irregular. No decênio 1951-60, acentuou-se êste descompasso. O acréscimo do «quantum» agropecuário, ai compreendidas as atividades da agricultura, da produção de origem animal e ex-

trativa vegetal, foi de apenas 47%, enquanto o das atividades fabris ultrapassou a marca dos 130%.

O citado incremento de 47 %, no decênio em tela, decorreu de aumentos da ordem de 48 % na produção agrícola pròpriamente dita, de 43 % na produção de origem animal e de 14 % na produção extrativa vegetal. Essas percentagens globais, embora representativas da expansão total dos vários componentes do setor, carecem de significação quando se pretende examinar a verdadeira situação dessas atividades no conjunto da economia nacional. Assim é que, no que toca à produção agrícola pròpriamente dita, cumpre distinguir entre produtos para consumo interno e produtos para exportação. Sobretudo é necessário observar, desde logo, que a considerável expansão da produção de um dêstes últimos — o café — tem constituído fato antes negativo que positivo, de conseqüências nefastas sôbre tôda a economia do País.

Relativamente à produção de gêneros alimentícios, para uso predominantemente interno, os resultados colhidos nos últimos anos, à exceção de 1960, foram altamente desfavoráveis, freqüentemente inferiores ao incremento provável da taxa de procura interna. De fato, entre 1953 e 1959, a produção dêsses gêneros cresceu de aproximadamente 23 %, enquanto a procura se viu reforçada por um aumento de iguais proporções da renda «per capita», e pelo crescimento de cêrca de 15 % da população.

Absorvendo a maior parte da população econômica ativa do País; adotando, em geral, processos rudimentares de trabalho, o que explica o baixo nível de renda dos que a ela se dedicam e suas conseqüências de reduzido poder de compra, larga margem de analfabetismo, baixíssimos padrões alimentares e de higiene; produzindo, entretanto, a maior parcela — cêrca de 28 % — do produto nacional, estas atividades se vêm convertendo progressivamente em um dos sérios obstáculos ao desenvolvimento mais acelerado do País.

A diminuta produtividade do homem rural restringe a expansão do mercado interno, o que impede ou retarda o florescimento dos demais setores nas melhores condições econômicas. Impede ou dificulta, de outra parte, o suprimento regular e adequado de alimentos e de matérias-primas ao País.

Não há dúvida de que as atividades agropecuárias não foram objeto até agora de esfôrço governamental de grande envergadura, com o propósito de modernizá-las, de assisti-las convenientemente, de dar-lhes, enfim, os elevados níveis de produtividade indispensáveis à expansão mais rápida, mais regular e mais sólida, da economia nacional.

Não ignora o Govêrno as dificuldades à modernização, inerentes ao meio rural brasileiro.

Impõe-se, de início, unificar o comando dos órgãos e das iniciativas governamentais referentes tanto à pesquisa científica e aos serviços de assistência técnica, ditos de extensão rural, quanto aos estudos e fixação de preços mínimos, à orientação técnica dos financiamentos e ao problema do abastecimento.

O quadro da produção agropecuária brasileira sugere, como se vê, um programa que se estende desde a fixação de objetivos quantitativos para os vários tipos de produtos, até à remodelação dos órgãos específicos e dos métodos de ação do Govêrno Federal, à renovação dos métodos de produção, ao melhor aparelhamento e coordenação dos serviços auxiliares de armazenagem e transportes, à maior eficiência do comércio.

No que toca a produtos exportáveis, esfôrço especial deve ser realizado sem tardança, com a finalidade de melhorar a qualidade e aumentar as quantidades — exceto, naturalmente, no caso de superprodução.

A ampliação dos mercados internacionais para os nossos produtos não é tarefa simples. O mínimo que se exigirá de nós será a boa qualidade, preços competitivos, regularidade nos suprimentos e seriedade nos contratos.

Dada a importância excepcional das exportações para a normalidade e o desenvolvimento da economia brasileira nos dias atuais, o Govêrno está disposto, no limite das suas possibilidades, a empreender, desde logo, os atos que se façam necessários à maior eficiência dos setores de exportação.

Quanto ao café, além da continuidade do apoio ao Convênio Internacional em vigor e dos esforços para a diversificação e ampliação dos mercados, está o Govêrno vivamente interessado

no emprêgo de medidas e de técnicas para eliminar as lavouras anti-econômicas, melhorar a qualidade, baixar os custos, liberar terras para uso em outras atividades agropecuárias e limitar a produção às possibilidades de escoamento das safras.

b — **Situação em 1960**

Excluídas as colheitas de café, cujo total tem sofrido variações acentuadas nos últimos anos, verifica-se que o «quantum» produzido pelo setor agropecuário em 1960 foi bem maior do que o do ano precedente. Tivemos então o incremento de 8,2 % contra 3,2 % em 1959.

No que respeita às atividades agrícolas, o panorama de 1960 foi de recuperação, exceto no que concerne ao café, cujas colheitas se reduziram a 27 milhões de sacas, em contraposição aos 44 milhões de 1959, ou seja uma diminuição de cêrca de 23%. O declínio da produção constituiu, entretanto, neste caso, fato auspicioso para a economia nacional, face à magnitude dos estoques restantes de safras anteriores e às condições vigentes no mercado externo.

As colheitas para consumo interno revelaram um incremento total de 8,7%. O de 1959 havia sido de 2.3%. Esta recuperação das atividades agrícolas se explica, em primeiro lugar, pela ocorrência de condições climáticas favoráveis e pelo aumento da área cultivada. As estatísticas disponíveis deixam a impressão de que se teria registrado também melhoria dos rendimentos em muitas das principais culturas.

Dentre as colheitas de consumo interno sobressaíram, pelas taxas de crescimento mais elevadas, as do arroz (+ 21,3%), milho (+ 9,8%), batata inglêsa (+ 7,6%), mandioca (+ 6,9%), cana de açúcar (+ 6,8%) feijão (+ 6,5%) banana (+ 13,6%) e laranja (+ 10,6%). Estima-se em 11,1% a expansão havida na produção de trigo. Raros foram os casos de declínio da produção.

Relativamente aos produtos de exportação, registraram-se também incrementos generalizados, com a exceção, já indicada, do café, e de produtos de menor importância.

Em relação aos produtos de origem animal e à produção extrativa vegetal, a estimativa do «quantum» produzido indica ter havido apreciável acréscimo em 1960.

6 — ARMAZÉNS, SILOS E FRIGORÍFICOS

Da adequação e eficiência dos serviços de armazenagem e silos depende a solução de dois problemas agudos da economia nacional: o incremento da produção agrícola, especialmente de subsistência, e o abastecimento regular das grandes concentrações urbanas. O sistema de armazenagem é instrumento fundamental para a disseminação de créditos à produção agrícola e para efetiva implantação de uma política de garantia de preços mínimos, que contribua tanto para estabilizar o custo de vida no País, como para manter e incrementar a parcela da agricultura de subsistência no rateio da renda nacional.

Por outro lado, o presente panorama do armazenamento caracteriza-se pela insuficiência quantitativa e pela má distribuição regional de capacidade instalada, e não encontrará correção se não modificarmos a ação do Govêrno Federal, que até aqui se vem reduzindo a esforços tópicos de investimento, carentes de um enfoque global do problema. Pretende o Govêrno definir e executar uma política que não se atenha à necessidade do aumento de capacidade física de armazenamento, mas que parta do imperativo da integração dêsse serviço aos de transporte, abastecimento e crédito.

Tal política integrada reclamaria a coordenação global da armazenagem em função do sistema viário nacional. E essa coordenação poderá caber a um órgão federal de armazenamento, que a legislação em vigor, com sabedoria, localizou administrativamente na área do sistema ferroviário federal.

Os órgãos federais não buscarão construir uma rêde de armazéns da União, mas incentivar a multiplicação de rêdes estaduais e de sistemas privados, preocupados em coordenar a sua operação segundo as necessidades de utilização ótima dos sistemas de transporte, e do abastecimento regular dos grandes centros consumidores.

Em benefício da maior produtividade do setor agrícola e dos menores cursos de comercialização, todos os incentivos deverão ser dados à gradativa integração de um sistema de ensilagem, que permita manipular a granel a produção agrícola.

Neste programa não será esquecido o papel que devem desempenhar os frigoríficos, no incentivo à produção de gêneros de perecimento mais rápido e de produtos pecuários, tanto para consumo interno como para exportação.

II

SITUAÇAO SOCIAL

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1 — EDUCAÇÃO E CULTURA

Já se encontram adiantados os estudos a serem enviados ao Congresso Nacional sôbre a reforma da estrutura da Secretaria de Estado incumbida dos negócios da educação e cultura, cuja organização, arcaica e obsoleta, já não corresponde aos reclamos de uma ação eficiente e dinâmica. A tarefa do Poder Executivo de reestruturar o mecanismo institucional encontra-se, no entanto, na dependência do projeto de lei de diretrizes e bases, ainda sob a apreciação do Congresso Nacional, o qual visa a complementar os dispositivos constitucionais e a colocar a legislação ordinária em consonância com os princípios da Constituição Federal. Na discussão dessa matéria, são descabidas falsas posições doutrinárias entre escola pública e escola particular, face aos inequívocos têrmos do mandamento constitucional, que incumbe aos podêres públicos ministrar o ensino dos diferentes ramos, e também o deixa livre à iniciativa particular, respeitadas as leis que o regulem. Escola pública e escola particular têm o seu papel no esfôrço comum de redenção do País pela educação. O que se deve esperar dêsse novo estatuto legal é a regulamentação dos preceitos constitucionais, permitindo a libertação do processo educacional das peias e imposições burocráticas, para dar lugar à diversidade dos currículos e à flexibilidade dos programas. Nessas condições, reintegrar-se-á o Ministério da Educação e Cultura nas suas funções precípuas de órgão orientador e estimulador dos programas das unidades federativas.

No setor do ensino primário, tradicionalmente de competência dos Estados, residirão os principais esforços da Administração Pública, tanto por imperativo constitucional, que o manda gratuito e obrigatório, quanto por sua óbvia necessidade. Não se trata, apenas, de expandir, indiscriminadamente, a rêde de escolas primárias, através de artifícios simplificadores, que retirem à

ela todo conteúdo educativo, para limitá-la a mera aquisição de técnicas. Importa enriquecer a substância da escola, sobretudo quando ela tem de compensar a deficiência dos lares menos favorecidos. A atividade da União exercer-se-á através da atuação indireta, pelo auxílio financeiro, pela assistência técnica, pelo aperfeiçoamento do pessoal docente e administrativo, pela manutenção de escolas experimentais, enfim, pela pesquisa, estimulando e favorecendo os esforços dos Estados e Municípios. Paralelamente, como medida de emergência, visando a sanar erros do passado, criar-se-á um movimento de âmbito nacional, mobilizando todos os recursos existentes e apelando para tôdas as pessoas de boa-vontade, com o fim de combater, de forma inapelável, o analfabetismo.

No ensino médio reside o ponto nevrálgico do problema educacional, que no mundo atual enfrentam todos os países civilizados. A sociedade democrática, pela qual lutamos, não se pode compadecer com a existência de um sistema dual de ensino: um, supostamente intelectual, para desenvolver as atividades do espírito, e que constituiria uma etapa propedêutica ao superior; outro, de tipo vocacional, com horizontes limitados, e destinado às classes menos favorecidas. Na verdade, deve-se encarar o ensino médio como uma preparação para as múltiplas e diversificadas tarefas de uma sociedade industrial, em que se vai transformando o Brasil. Temos urgentemente de estabelecer um sistema de igualdade das oportunidades educacionais, em que todos, sem exceção, tenham possibilidade de ascender aos níveis mais altos da escala educacional, sem outras limitações que as oriundas de suas capacidades e aptidões. A solução mais aconselhável, a demandar, entretanto, maiores estudos e indagações, seria a instituição de um tronco comum para todos os estudantes do ensino médio, findo o qual se abririam largas oportunidades de escolhas, a fim de atender às necessidades dos mercados de trabalho. O que não é justo e razoável é prolongar a situação atual, acenando a milhares de jovens com a perspectiva de um curso secundário, de tipo acadêmico, que não lhes proporcionará nenhuma ferramenta de trabalho para o sustento, mas possibilitará ùnicamente o eventual ingresso num curso superior de tipo profissional, apesar de estarem as portas da Universidade abertas a

uma pequena parcela dêsses moços. Essa preocupação de vincular o sistema educacional do País a necessidades de sua economia, evitando, destarte, graves problemas de natureza social, não exclui, antes impõe, a compreensão do fenômeno educacional numa ampla base cultural, de sentido profundamente humanístico, em que se dê a devida atenção às dimensões mais autênticas da personalidade humana.

Não menos grave se apresenta o problema do ensino superior. A criação indiscriminada de novas universidades e a incorporação ao sistema federal de ensino de outras instituições dêsse tipo, com pesados encargos de ordem financeira, não redundaram em qualquer vantagem de caráter pedagógico. Não pretendamos apresentar-nos como um país de numerosas universidades; esforcemo-nos, antes, por contar com verdadeiras universidades, com alunos e professôres congregados nas tarefas de cultura, e integrados nas investigações científicas. Cumpre estabelecer criterioso levantamento das necessidades de pessoal de nível superior que o desenvolvimento econômico postula, procurando por aí canalizar recursos na expansão dos ramos que as análises objetivas revelarem de caráter prioritário. Proceder de outra forma será contribuir para a criação de um proletariado intelectual, incapaz de se inserir no processo produtivo da Nação, e cuja ação maléfica poderá abalar a ordem social.

O desenvolvimento cultural e tecnológico do País requer especial atenção para o ensino técnico-profissional, a ser intensificado e ampliado. Qualquer programa neste sentido deve, no entanto, articular-se e apoiar-se no programa geral de educação, em todos os níveis, e ser realizado em coordenação com a indústria. Mais do que em qualquer outro ramo de ensino, aqui se hão de unir intimamente educação e trabalho. Eis alguns pontos cuja execução já determinou o Govêrno:

— iniciação profissional e artesanato, sobretudo para jovens analfabetos e para aquêles que cursaram apenas parte da escola primária (de preferência nas regiões Norte, Nordeste e Centro-Oeste do País);
— incremento, nas zonas industrializadas, da formação de mão-de-obra especializada, construindo-se novas es-

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colas e estimulando as organizações já existentes (SENAI, SENAC, SESI, SESC etc.);

— incentivo, nas últimas séries do curso primário e ginasial, de ensino e de prática de artes industriais e agrícolas, com o que se coibirão o verbalismo e a frondosidade dos atuais currículos;

— entrosamento da Confederação Nacional da Indústria, da Confederação Nacional do Comércio, das Universidades e de algumas indústrias em particular (como a Petrobrás, a indústria de energia elétrica etc.) para evitar-se a dispersão de esforços na formação de técnicos de nível superior.

Não se poderia iludir a Nação acenando-lhe com promessas de empregar na educação maiores verbas, quando todos sabemos os fortes encargos que oneram presentemente os cofres públicos. Durante o atual Govêrno, porém, será cumprida em tôda a sua extensão o dispositivo constitucional que exige a aplicação, na manutenção e desenvolvimento do ensino, de dez por cento da renda resultante dos impostos. Esses recursos, que crescem de renda resultante dos impostos. Esses recursos, que crescem de tro de sábia distribuição, poderão atender a contento às exigências d' planejamento educacional aqui delineado. Por outro lado, a conexão estreita do processo educacional com as necessidades da economia brasileira conduziria à criação de uma consciência mais nítida, entre o Povo, dos benefícios e vantagens advindos de um sistema de educação mais eficiente e que, ao invés de se tornar uma fonte de privilégios e regalias para aquêles que anualmente dêle se beneficiam, será fator de responsabilidade e de deveres acrescidos. Tal mudança de mentalidade, de atitudes, possibilitará criar-se, numa segunda etapa, o consenso geral da necessidade de serem destinadas para os serviços da educação verbas mais vultosas. Ensejar-se-á por aí, ao se comprovarem os aumentos de produtividade decorrentes de uma formação edu-

cacional. mais apurada, a nítida idéia de que a educação é um investimento a longo prazo, a ser encarado de forma semelhante ao dispêndio de recursos nos setores da indústria de base, dos bens da produção, da energia e dos transportes. A utilização de fundos especiais, à semelhança do Fundo Nacional de Ensino Primário, de previsão constitucional, e a vinculação das cotas destinadas aos Estados para o pagamento de juros e amortização de empréstimos, sob a forma de delegação em garantia, como reserva irrevogável de meios de pagamento, constituirá o mecanismo financeiro destinado a custear o reaparelhamento do sistema educacional. Na verdade, a construção de prédios e a instalação de equipamentos, na proporção em que se tornam necessários, não podem mais ser atendidas na base ânua dos recursos orçamentários comuns.

A ênfase dada aos problemas da educação não implica em relegar a segundo plano, como tem ocorrido até agora, os assuntos de cultura. Nesse sentido, já foi criado o Conselho Nacional de Cultura, com a função precípua de estabelecer a política cultural do Govêrno, mediante plano a ser elaborado e subdividido em programas anuais de trabalho. É a mesma idéia do planejamento das atividades administrativas, que aqui de novo surge, a indicar o propósito de se obter da máquina burocrática tôdas as virtualidades que pode oferecer. De par com o auxílio inestimável que irão prestar à extensão das oportunidades educacionais, o rádio, o cinema, o livro, o teatro, o museu se tornarão agentes dinâmicos da obra de levantamento do nível cultural da população brasileira. E' indispensável que os benefícios da cultura cheguem a tôdas as camadas sociais, e deixem de ser regalia das classes econômicamente bem dotadas.

O programa aqui esboçado não poderá, evidentemente, ser executado integralmente nos limites de um qüinqüênio. Mas o adequado planejamento das atividades, a sólida implantação dos programas, o eficiente funcionamento da máquina administrativa, dentro de diretivas seguras e segundo critérios de prioridade e ordenação, poderão, por certo, dar o arranque decisivo para livrar o nosso País dos males da ignorância e do analfabetismo.

2 — SAÚDE

O nível de saúde do Brasil ainda é muito baixo, em relação ao que se verifica nos países mais adiantados. Mesmo nas áreas mais desenvolvidas, como o Estado da Guanabara e o Município de São Paulo, onde existe apreciável concentração de recursos médico-assistenciais e grandes somas são investidas no setor da saúde, os indicadores utilizados na avaliação do nível sanitário mostram valores muito inferiores aos assinalados para certas coletividades estrangeiras.

As diferenças são muito mais acentuadas se o confronto fôr feito com as coletividades do Nordeste que, por sinal, apresentam os mais baixos níveis de saúde no panorama brasileiro.

Na comparação com as coletividades estrangeiras, merece reparo especial, em nosso País, a grande contribuição para total de óbitos do grupo de 20 a 49 anos, justamente o grupo que se encontra em plena produtividade. No Brasil, além de morrer proporcionalmente maior número de indivíduos, as mortes ocorrem muito mais prematuramente do que nas coletividades estrangeiras com melhores níveis de saúde, em virtude sobretudo das doenças transmissíveis. No entanto, apresenta o País a vantagem de não ser assolado por certas doenças pestilenciais como o cólera, o tifo epidêmico, a peste, que, ou já foram completamente eliminadas do território nacional, ou nêle aparecem, apenas, sob forma de casos esporádicos, ou de surtos muito limitados.

O que dá um colorido especial à situação sanitária brasileira é a magnitude do problema representado por certas doenças, como a malária, a tuberculose, a esquistossomose, a febre tifóide, a lepra, a bouba, o tracoma, a doença de Chagas, que acometem grande número de brasileiros, cabendo-lhes por isso, com propriedade, a designação genérica de doenças de massa. Estas, que dominam amplamente o panorama sanitário atual do País, repercutem de modo ponderável na disponibilidade de mão-de-obra nacional. A importância das doenças de massa decorre de um complexo de fatôres e condições de ambiente físico, biológico e sócio-cultural do homem.

Para contê-las, o País dispõe de uma estrutura médico-sanitária ineficiente que não evoluiu, ficando inadequada para enfren-

tar a situação atual. Nesse sentido é necessário superar a multiplicidade de órgãos com atribuições semelhantes, sem entrosamento ou coordenação, e a idéia simplista de importar programas de trabalho inadaptados às condições brasileiras. Outro aspecto negativo digno de reparo é o ensino médico, que persiste na orientação de preparar profissionais para o exercício da clínica particular nos grandes centros urbanos, deixando-os despreparados para enfrentar os grandes problemas de saúde de aproximadamente dois terços da população nacional.

Para enfrentar a situação, o Brasil dispõe de uma estrutura médico-sanitária distribuída em instituições federais, estaduais, municipais, de previdência social e órgãos paraestatais, e de caráter privado.

Os trabalhos dessas entidades se desenvolvem, todavia, quase sem planejamento, executando cada uma delas suas próprias atividades, sem cuidar do necessário entrosamento entre si.

Empenha-se, pois, o Govêrno em proceder à integração efetiva e ordenada dos órgãos do Ministério da Saúde, visando a que o trabalho a executar e os recursos a investir sejam, de fato, dirigidos para a assistência médico-sanitária do Povo, obedecendo-se a planejamento cuidadoso, no qual serão atendidos, com prioridade, os vários problemas da saúde pública e as diversas áreas de endemias do País.

Obviamente, as áreas mais atingidas hão de merecer atenção especial.

Dos convênios mantidos com organizações internacionais e com o Govêrno dos Estados Unidos da América, destacam-se os destinados às atividades de erradicação da malária: aos programas integrados de saúde; aos trabalhos de inquérito e investigação, relacionados com a luta contra a tuberculose e a lepra, e os relativos à assistência à maternidade e à infância. O Govêrno atentará no sentido de que proporcionem realmente os recursos técnico-administrativos e financeiros com que nos acenam. Os acôrdos com os Governos estaduais e municipais serão cuidadosamente revistos.

O Govêrno promoverá a participação direta e permanente no campo da assistência hospitalar, particularmente no meio rural, das entidades privadas com as quais mantém acôrdos.

As atividades da saúde pública programadas pelas entidades autárquicas, como a Superintendência do Plano de Valorização Econômica da Amazônia, a Comissão do Vale do São Francisco, a Superintendência do Desenvolvimento do Nordeste e outros órgãos do Poder Público como o Serviço Especial de Saúde Pública e o Serviço Social Rural, devem ser entrosadas com o Ministério da Saúde no que toca, particularmente, a dois aspectos fundamentais:

1) Assistência hospitalar.

2) Saneamento do meio, principalmente abastecimento dágua, rêde de esgotos e melhoria de habitação.

O planejamento coordenado dêsses órgãos, no campo da assistência hospitalar, utilizando os recursos financeiros e técnicos do Ministério da Saúde, visará a atender, especialmente, ao Nordeste, Norte e Centro-Oeste do País.

Em relação ao saneamento do meio, os recursos orçamentários atribuídos às várias entidades precisarão ser unificados num fundo global, a ser administrado por uma comissão presidida pelo Ministro da Saúde, a fim de que os trabalhos se integrem num programa coordenado e eficiente, sem dispersão abusiva e inoperante das verbas.

No domínio da erradicação das doenças, o combate à malária será objeto de ampla campanha, que procurará pôr côbro ao mal de maneira definitiva.

Procurar-se-á compensar o atraso de mais de dois anos, em que nos encontramos, em face dos convênios celebrados com organismos internacionais nesta matéria, e aos quais, até agora, não demos cumprimento, em lamentável contraste inclusive com o que se verifica em países vizinhos.

No campo das doenças pestilenciais, o Govêrno dará pronto cumprimento ao plano nacional de combate à varíola, aprovado em 1958, com auxílio da Organização Mundial de Saúde e numa escala em que a superação de todo trabalho rotineiro de contrôle indique bem a medida da importância dessa doença e da gravidade de sua incidência, tanto no meio rural como nos maiores

centros urbanos. Especial atenção será dada, nessa matéria, à criação de condições para a obtenção da vacina liofilizada.

Por outro lado, o relêvo que ainda ocupa a tuberculose entre as doenças contagiosas, de efeito em todo o país, exigirá do Govêrno, para o seu combate, a mobilização de todos os recursos disponíveis.

Dará, outrossim, o Govêrno tôda a atenção à erradicação das diarréias infecciosas, certo da sua importância como principal causa da mortalidade infantil, com uma média de 110 a 140 mil óbitos anuais.

Dentro dêsse conjunto de problemas relativos ao saneamento do ambiente, avulta em primeiro lugar a necessidade de se dotar o País de adequado suprimento de água, tendo-se em vista que, dos municípios brasileiros, apenas 1.196 contam com abastecimento público dessa necessidade vital em suas sedes. Dará assim o Govêrno todo apoio à tramitação do Projeto nº 1.463/56, que autoriza o Poder Executivo a financiar, mediante empréstimos às municipalidades, a construção de sistemas públicos de abastecimento de água potável. Tal colaboração se estenderá, inclusive, ao fornecimento de recursos financeiros para prestação de assistência técnica e administrativa, no que se refere a tôdas as fases de implantação de tais serviços, essenciais à comunidade brasileira. De igual importância e de equacionamento muito semelhante é o problema municipal de esgotos.

No campo da assistência médico-sanitária rural haverá que emprestar tôda ênfase à urgente disseminação a tôda a população brasileira das medidas elementares de proteção à saúde. A circunstância de não terem ainda vingado os planos concertados para êsse objetivo só faz postular a necessidade de renovar o seu enfoque básico. Tais medidas, na verdade, não devem ficar na dependência de quadros profissionais, naquelas providências que, por sua simplicidade, podem ser executadas por pessoal paramédico e assim, de imediato, levadas ao domicílio do ruricola.

Tal programa, cuja eficácia se coadunará com a humildade de meios de assistência médica, suporá necessàriamente a complementação de iniciativas que permitam o transporte do homem

do campo nos centros urbanos, a fim de obter atendimento pronto de uma prestação profissional qualificada.

3 — TRABALHO

Não irá o Govêrno prosseguir na falaciosa política de aumento nominal de salários que, sôbre contribuir para o incremento do processo inflacionário, se constitui em fator de instabilidade de todos os assalariados.

O que interessa aos que vivem de salários é manter e incrementar o seu salário real, com estabilidade e continuidade, livre de súbitas variações. Tal política, todavia, só poderá ser integralmente executada no quadro da estabilidade monetária, cujos maiores beneficiários serão os assalariados brasileiros, pois só ela lhes permite usufruir uma parcela constante e equitativa da renda nacional. Mas esta estabilidade dependerá também da contribuição dessas mesmas classes, pois não será possível deter a inflação sem integrar a política salarial na política econômica geral, tais e tantos são os seus reflexos no nível de preços.

Por outro lado, a política de aumento do salário real das classes trabalhadoras só frutificará se compreendida dentro dos limites das possibilidades econômicas; e se estreitamente vinculados e diretamente relacionados os aumentos com as melhorias de produtividade, que permitam a absorção dos incrementos reais de renda sem os perniciosos e destruidores efeitos inflacionários que produzirão, excedidos tais limites.

É bem de ver, por certo, que ainda mais relevante, no esfôrço de reabilitação do salário real, será a compreensiva e decisiva cooperação das classes produtoras, impondo-se de própria iniciativa a contenção dos preços, ainda que mediante proporcional e justa contenção dos seus lucros, notadamente após a supressão dos órgãos governamentais de contrôle de abastecimento e preços.

Por isso mesmo, e de acôrdo com os mais lídimos princípios da Justiça Social, mas sem permitir que a valorização do trabalho possa importar em desestímulo aos empreendimentos do capital, visar-se-á a que, sempre que possível e equânime, resulte o ne-

cessário aumento do salário real da correspondente redução do lucro excessivo.

A integração da política salarial na orientação global do desenvolvimento exige, ainda, a manutenção da hierarquia entre as diversas espécies e qualificações do trabalho, para que não se eliminem os indispensáveis incentivos à melhoria da qualidade da mão-de-obra nacional, pela educação e pela especialização. Dela dependem, em grande parte, a eficiência da economia e a taxa do desenvolvimento brasileiro.

Procurará o Govêrno estimular, sob êsses critérios, a outorga de salários profissionais, preferentemente por meio de contratos coletivos de trabalho, onde se justifiquem.

Pretende o Govêrno libertar das nefastas influências de sentido personalista e fundar em bases permanentes, com o máximo de representatividade e independência, as instituições que visam a melhorar a posição das classes assalariadas.

O Govêrno corrigirá as deformações das entidades paraestatais e governamentais criadas ou amparadas pelo Estado para a execução da política social, com o fim precípuo de prestarem serviços assistenciais aos trabalhadores. Tais entidades deverão ter ação planejada e programas coordenados no sentido de melhorar os padrões de eficiência e a rentabilidade dos recursos disponíveis. Para tanto, torna-se indispensável a presença dos trabalhadores nos seus conselhos deliberativos e fiscais. A restruturação de tais organismos virá corrigir anomalia existente e responsável pela distorção dos objetivos dessas entidades e a ausência de critério na aplicação dos recursos. O Govêrno será inflexível no zêlo pela correta aplicação dos dinheiros públicos que, por delegação do Estado, tais entidades devem utilizar em prol dos respectivos contingentes de beneficiários. Por outro lado, os órgãos encarregados da fiscalização dessas instituições acompanharão a execução dos programas de trabalho, dentro dos objetivos e finalidades para os quais foram criadas. A característica dominante dos organismos criados sob a proteção do Estado para realizar, por expressa determinação do poder público, parcela ponderável de sua política assistencial e que tem sido, até hoje,

o empreguismo, em detrimento dos interêsses reais do trabalhador.. há de ser substituida devolvendo-se às mesmas instituições a inspiração da Carta da Paz Social, elaborada em 1945.

Quanto à organização sindical, tanto profissional como patronal, todos os esforços do Govêrno se orientarão no sentido de libertá-la das influências de grupos políticos e econômicos, emprestando-lhe as condições para o exercício das importantes funções públicas a ela delegadas.

Sem a implantação de uma autêntica liberdade sindical não atingirá o trabalhador nacional a sua maioridade política. Cumpre realizar uma reforma institucional que conduza à eliminação gradativa, porém segura, do impôsto sindical, base econômica de organizações sindicais estruturadas sem espontaneidade e entusiasmo.. Com êle não se coaduna a garantia constitucional da liberdade sindical, divorciada que está a obrigação de contribuir ou deixar de fazê-lo, do direito de se associar e de se dissociar. Não é outra a razão que impediu, até hoje, o Brasil de ratificar as convenções internacionais do trabalho a que aderiu, sôbre a liberdade sindical.

Preservada e estimulada a autenticidade da unidade sindical, à luz dos princípios constitucionais, mais demandará o Govêrno a imprescindível cooperação das entidades sindicais ao poder público, na solução dos problemas coletivos.

É propósito, ainda, do Govêrno enfrentar a necessidade de reforma e aprimoramento da vigente legislação do trabalho. O reconhecimento do seu alcance emérito, à época em que foi estruturada, não impede a verificação de que, elaborada sob diferente regime político e para uma conjuntura econômica e social diversa, encontra-se, como a maior parte das instituições brasileiras, desajustada das necessidades do presente, e alheia às preocupações dominantes do desenvolvimento.

Por outro lado, muitas foram as emendas e os acréscimos procedidos desde a sua consolidação em 1943, que nem sempre se ajustam à sistemática que informa aquêle corpo de leis, pelo que o Govêrno procurará alcançar, com brevidade, a promulgação de um novo Código do Trabalho.

A revisão da legislação trabalhista deve orientar-se pela preocupação de, sem prejuízo dos direitos fundamentais dos assalariados, torná-la instrumento útil ao processo nacional de desenvolvimento. Uma legislação elaborada, na maior parte, no curso da depressão dos anos 30 não poderia, evidentemente, antever as necessidades do atual processo econômico brasileiro. E em muitos dos seus aspectos deve ser aprimorada e orientada para que o trabalho nacional possa desempenhar, com o máximo de eficiência, a sua função neste processo.

O Govêrno assegurará, em sua plenitude, o preceito constitucional que garante aos trabalhadores o direito de greve, mas procurará contribuir para a disciplina do seu exercício, dentro dos limites imperativos do interêsse público. Nem êste direito, nem qualquer outro direito, grupo, classe ou individuo, pode pretender uma posição privilegiada no esfôrço nacional para o desenvolvimento. E sem qualquer prejuízo da sua eficiência como principal instrumento de que dispõem as classes trabalhadoras na luta pelas suas reivindicações, não deverá ser utilizado para fins espúrios à legítima representação dos interêsses trabalhistas, com objetivos políticos, ou mediante práticas anti-sociais.

Precisamos ampliar o campo de aplicação da legislação do trabalho, não só territorialmente — para que alcance as regiões do País que ainda ignoram os seus mandamentos — como para beneficiar maior número de trabalhadores brasileiros. Há que estender a sua tutela a classes inteiras que ainda vivem ao desamparo de qualquer proteção do direito ao trabalho, e sem qualquer representação que as integre efetivamente na vida política e social brasileira. É nesse sentido que pretendemos submeter ao Congresso a disciplina do trabalho rural. Não podemos postergar a proteção dos direitos dêsses trabalhadores, nem pretender uma verdadeira sociedade nacional se mais da metade da população não dispõe dos instrumentos de sindicalização para se fazer presente. Promoverá o Govêrno a reabilitação do homem do campo, como meio de integrá-lo na vida nacional, a fim de emancipá-lo política, social e econômicamente.

Atenta à diversificação das estruturas econômicas regionais, bem como à diferenciação dentre as atividades desempenhadas e

os tipos vigentes de contratos de trabalho, a extensão do direito do trabalho se destinará a exercer, também, a indispensável coerção no sentido da integração das populações rurais no esfôrço por sua elevação aos níveis de progresso e de bem-estar social já alcançados nos meios urbanos. Entrosando-se com medidas de efetiva concretização do estatuto da terra, o capítulo do direito do trabalhador rural merecerá o mais acurado exame e a mais decidida atuação do Govêrno.

De outro lado, o papel da emprêsa pública precisa ser compreendido na sua verdadeira natureza de organização do próprio Povo brasileiro, e não como propriedade dos ocupantes transitórios dos cargos estatais. É nesta consciência que o Govêrno determinou a participação dos empregados dessas emprêsas na sua direção, visando a integrá-los na responsabilidade do Estado, de produzir, em benefício da comunidade, os bens e serviços que constituem o seu objeto.

A especialização do Ministério do Trabalho e da Previdência Social permitirá ao Govêrno concentrar-se no estudo da solução dos grandes problemas do trabalho, possibilitando um tratamento mais sistemático, planificado e orgânico dêsses assuntos. O Ministério do Trabalho não está aparelhado a desempenhar com eficiência as atribuições de uma verdadeira Secretaria da Mão-de-Obra Nacional. Será indispensável reorganizá-lo. E sem perder de vista sua função acauteladora da paz social, com as tarefas próprias de conciliação entre o trabalho e o capital, aparelhá-lo com os órgãos técnicos destinados a coletar e estudar os elementos relativos à produtividade, à distribuição profissional da população, à flutuação do mercado, aos níveis de vida, aos grupos profissionais, às causas dos movimentos grevistas, dos desequilíbrios salariais entre as diversas regiões, e muitas outras informações sôbre a situação econômico-social do País, sôbre as quais devem ser fundadas as políticas e providências relativas ao trabalho nacional.

Menos político e mais técnico deve ser o Ministério do Trabalho e da Previdência Social. Só assim poderá o Govêrno desincumbir-se do seu importante dever de defender e melhorar a posição das classes assalariadas na sociedade brasileira e coordená-las para o esfôrço global do desenvolvimento.

4 — PREVIDÊNCIA SOCIAL

A Previdência, no conjunto das instituições dedicadas ao bem-estar social, apresenta o seu quadro clássico, cada vez mais grave, de um desequilíbrio entre a sua estrutura nominal de recursos e as suas disponibilidades reais, e entre a ampliação das contribuições e o incremento do custo dos benefícios. Agravando tendências crônicas, tal situação deve tornar-se aguda no presente exercício. Configura-se um quadro de deficit para a grande maioria dos Institutos, e só dois dêles, o dos Bancários e o dos Industriários, lograrão assegurar disponibilidades financeiras que lhes permitam programar uma política de investimento para o corrente ano. Tal desajuste de base não conseguiu ser conjurado pela nova Lei Orgânica da Previdência Social, promulgada no ano findo, em que pêse aos indiscutíveis aspectos positivos dêsse ordenamento, especialmente o de ter assegurado às classes trabalhadoras o direito de participar da administração dos Institutos, ao lado dos representantes das emprêsas e do Govêrno.

Nessas condições, uma larga e nova política de Previdência Social se preocupará com os aspectos da fundamentação econômica, da melhoria institucional e da racionalização de serviços a que está ligada, de maneira tão decisiva, a promoção de um Estado realmente funcional, efetivo instrumento do bem-estar coletivo.

No campo financeiro, assim, a iniciativa fundamental seria a de se adotarem providências que impeçam novos crescimentos do débito da União para com a Previdência, ainda hoje de noventa bilhões, assegurando-se a consignação nos orçamentos da real dotação correspondente a êste setor. Para isso, deverá o Govêrno, através do Ministério da Fazenda, promover a composição do deficit passado, como já determinado pela Lei Orgânica da Previdência Social, na forma que melhor atender não só aos interêsses dessas instituições, mas, também, às diretrizes gerais da política econômica.

Tal providência se completará, necessàriamente, pelo aperfeiçoamento dos sistemas de cobrança das contribuições das emprêsas privadas, cujo débito monta aos trinta e três bilhões de cruzeiros. Far-se-á mister a adoção de medidas enérgicas para pronto pagamento de tais débitos, evitando-se a concessão de prazos

demasiado longos para essa liquidação, bem como impedindo-se o seu aumento, daqui por diante.

No âmbito institucional, caberá ao Govêrno, de imediato, complementar a regulamentação da Lei Orgânica da Previdência Social. Realizará, simultâneamente, a revisão prevista neste ordenamento, da estrutura dos quadros e da lotação do pessoal, determinadas ao Departamento Nacional e ao Conselho Superior da Previdência Social.

Já no domínio do aperfeiçoamento intrinseco da Previdência Social, pretende o Govêrno tornar realidade o reajustamento periódico das aposentadorias e pensões, como agora o promove, de maneira a que os beneficiários não se vejam condenados a uma situação de empobrecimento fatal, face ao processo inflacionário do País. Medida também de indispensável complementação do aparelho nacional da previdência, será a extensão de seus favores aos trabalhadores rurais e domésticos, dentro do imperativo de fazer acompanhar o desenvolvimento do País, da criação de condições de estabilidade e crescente segurança econômica para todo o conjunto do salariado nacional.

No elenco de iniciativas destinadas a fortalecer a representação do setor salarial, no campo da Previdência, far-se-ia mister reforçar as conquistas já logradas pela Lei nº 3.807, pela extensão ao IPASE do direito de seus segurados de participar da direção do Instituto, razão pela qual sua presidência foi entregue a um representante indicado pelo funcionalismo.

Especial atenção merecerá a Fundação da Casa Popular, à qual deverá caber, de acôrdo com a política habitacional que o Govêrno pretende definir, auxiliar a construção de casas, ainda a cargo dos Institutos, deixando-se a êstes, estritamente, as suas finalidades de Previdência, mediante a conveniente disciplinação legal da interrelação assim estabelecida.

Serão também promovidas e incrementadas formas de assistência, no âmbito dos Institutos, como o «Serviço Social» ou o da «Reabilitação Profissional», vinculados, no entanto, a um rigoroso plano de unificação dos serviços assistenciais, como aqui exposto.

Ainda na demonstração do imperativo da democratização dos serviços da Previdência, será dado todo o apoio à iniciativa de implantação do chamado sistema da «livre escolha» da forma de prestação dêsses serviços, ou de seus agentes, libertando-se o segurado da condenação a um bem-estar fornecido em condições rígidas de monopólio.

5 — ASSISTENCIA SOCIAL

O progresso nacional deve ser resultante do desenvolvimento continuado e harmônico do econômico e do social. O homem, razão de ser do desenvolvimento, não pode, portanto, ficar à margem de qualquer programa que objetive o ritmo de crescimento do País.

É, pois, necessário que a programação econômica do Estado estabeleça condições de exeqüibilidade que permitam a adoção de uma política social compatível com o processo de desenvolvimento nacional e nêle devidamente integrado.

Os programas assistenciais das instituições particulares, paraestatais ou governamentais devem ser planejados em obediência às necessidades e condições típicas de cada região e não na base de simples pressupostos ideológicos, quase sempre distanciados da realidade brasileira.

A falta de adequação entre tais pressupostos e nossas peculiaridades regionais constitui, não há dúvida, um dos fatôres responsáveis pela malbaratação dos recursos e pelo relativo insucesso dos programas de execução, cuja multiplicidade acarreta terrível dispersão, talvez o fator máximo de sua ineficiência.

A política do Estado neste setor se alicerça em dois importantes princípios: o que preconiza para o trabalhador condições de bem-estar mais condizentes com a dignidade humana e o que considera a família como unidade da vida social. O processo de desenvolvimento a que almejamos enseja a participação do homem na solução dos seus problemas, tornando-o agente de seu próprio bem-estar. É por aí que o Serviço Social se transforma num instrumento da democracia, ao permitir a verdadeira integração do Povo em tôdas as decisões da comunidade.

Para tanto, cumpre estimular nas populações locais o espírito progressista, a necessidade de criar novos hábitos, novos processos e métodos de trabalho, a fim de, pelo aumento das possibilidades de emprêgo, melhorar as rendas da família.

Os programas de desenvolvimento comunal, necessário remate desta concepção ampla de Assistência Social, constituem hoje meio eficaz à consecução dos objetivos nacionais, pois que despertam vocações adormecidas, estimulam as iniciativas individuais e asseguram a participação efetiva do homem no meio social que lhe está mais próximo, no estudo e na solução de seus próprios problemas.

O processo de desenvolvimento exige, antes de mais nada, mudança cultural, permitindo assimilar novas formas de organização social, ensejando uma nova perspectiva e melhor conhecimento dos problemas econômicos, para a sua adequada interpretação e solução.

Seria desnecessário ressaltar sua importância como fator de compensação de falhas cujas origens remontam à nossa formação étnica e cultural.

O desenvolvimento impõe, de outro lado, a atualização dos procedimentos administrativos. Urge, portanto, adaptar o programa do Govêrno às peculiaridades regionais, dando-lhe a necessária objetividade e flexibilidade, de par com uma política apoiada na cooperação, na ausência de pluralidade de serviços e privilégios de certas áreas — o que não impede sejam fixados critérios razoáveis de seleção e prioridade no atendimento das necessidades mais sentidas do homem dessas regiões.

Empenhar-se-á o Govêrno na unificação dos planos de assistência, buscando reuni-los, em cada unidade de prestação de serviços, sob o critério da comunidade, assim carreando para um mesmo fim os recursos provindos de várias fontes.

Encetada a unificação já nas unidades locais, tal processo irá paulatinamente alcançando os setores mais altos do plano assistencial, o qual deverá observar rigorosas normas de especialização e efetividade, ditadas pelo Govêrno, descentralizando-se sua execução, que poderá ser confiada a órgãos representativos locais.

Dar-se-á, de tal modo, profundidade à ação assistencial desenvolvida pelos órgãos públicos e paraestatais, quer da União, dos Estados ou dos Municípios, centralizando-se a normatividade, mas descentralizando-se a execução.

6 — HABITAÇÃO E URBANIZAÇÃO

O problema habitacional brasileiro figura entre os mais difíceis a enfrentar em futuro próximo, principalmente porque dêle o País nem sequer tomou consciência.

Se bem que existam instituições diversas dedicadas à construção de conjuntos residenciais, relativamente muito pouco está sendo feito para reduzir o angustiante deficit de habitação. A situação é alarmante, quer na cidade, quer no campo, com importantes repercussões sociais.

Na verdade, o País não dispõe de política habitacional que oriente a ação dos órgãos públicos e da iniciativa privada. Os próprios meios técnicos têm-se desinteressado das questões relativas à habitação de interêsse social, preocupados com as realizações de caráter monumental, ou com as indústriais que proporcionam melhores rendimentos a aplicações de capital. A ação do Estado tem sido tópica e esparsa, inspirada, muitas vêzes, por interêsses subalternos, e sem compreensão da verdadeira dimensão do problema. Os financiamentos públicos no setor destinam-se, em geral, às construções de caráter suntuário, atingindo, quando muito, pequena parcela da classe média.

A verdadeira colocação do problema habitacional deve partir do reconhecimento da sua interdependência com as questões de organização regional e urbana, e exige solução no complexo de aspectos relativos à saúde, à educação e aos transportes da população. A política habitacional não terá, apenas, o objetivo da construção de casas, mas também a de ensinar o homem brasileiro a melhor viver.

A orientação geral deverá fundar-se em estudos amplos que procurem encontrar soluções exeqüíveis, de caráter econômico. A dimensão dos recursos necessários à redução do deficit habitacional torna imperativa a exploração, a exemplo do que vem ocorren-

do em outros países, de soluções que apelem para participação direta dos interessados na construção de suas casas, para as fórmulas de autoconstrução e de ajuda mútua. Ao Estado cumpriria fornecer a indispensável assistência técnica e financeira aos grupos que se organizassem em cooperativas de habitação. Tais soluções, além de multiplicar os benefícios dos limitados recursos que poderão ser mobilizados, são profundamente educativas, contribuindo para saudável convivência democrática.

É indispensável a fixação de diretrizes de âmbito nacional, que só poderão ser definidas pela centralização do planejamento, capaz de coordenar num único órgão federal os esforços desenvolvidos por tôdas as entidades públicas e privadas. Sòmente através dêste planejamento global será possível o equacionamento racional da questão e a obtenção do rendimento ótimo dos fatôres disponíveis. É preciso, entretanto, que neste planejamento sejam respeitados os costumes, as tradições, as necessidades da família brasileira, sem esquecer as peculiaridades de cada região: os projetos, quer de complexos conjuntos urbanísticos, quer de pequenas unidades residenciais, deverão ser concebidos e executados, antes e acima de tudo, para serem habitados pelos homens, e, apenas secundàriamente, como obras arquitetônicas ou estéticas.

A execução dos projetos, no entanto, há de ficar a cargo dos vários órgãos públicos, em todos os níveis governamentais, e com a iniciativa privada.

Por igual, êsse planejamento deverá estar subordinado aos imperativos de um zoneamento que atende à necessidade de se eliminarem desequilíbrios urbanos, em especial visando a conter o êxodo rural.

Por outro lado, o processo de industrialização que o País procura manter e incrementar, implica, necessàriamente, paralelo processo de urbanização, que, há muito, já devia ter sido objeto de estudo e planejamento, para que fôssem evitadas as conseqüências sociais e econômicas do crescimento, sem orientação, dos núcleos de população.

A preocupação de prever e planejar, desde já, a expansão das cidades brasileiras, não só contribuirá para criar condições mais humanas de vida urbana, como constituirá meio de economi-

zar os vultosos capitais públicos e privados, necessários para aliviar os graves, e às vêzes insolúveis, problemas de urbanização, resultantes de falta de previsão.

7 — IMIGRAÇÃO E COLONIZAÇÃO

A aspiração de ordem e harmonia que criou o Instituto Nacional de Imigração e Colonização, como órgão federal de planejamento e execução de uma política nacional de imigração, ainda não produziu os seus frutos, na execução continuada de uma política objetiva.

Ao traçar e executar essa política, não podemos esquecer os deveres que nos impõe a solidariedade internacional, em matéria de população. É do interêsse nacional captar aquêles imigrantes capazes de trazer consigo sistemas agrícolas e técnicas de produção, superiores em qualidade e produtividade àquelas ainda vigentes em nosso País.

Os índices de crescimento vegetativo da população brasileira não recomendam, antes contra-indicam, uma política indiscriminada de crescimento da população. Precisamos sim, e muito, de imigrantes que venham incrementar o nível de educação tecnológica da nossa população.

Para que os imigrantes possam realizar a tarefa que dêles esperamos, e contribuir para corrigir e acelerar o desenvolvimento agrícola, industrial e científico do Brasil, devemos dar-lhes condições adequadas de trabalho. Os planos de imigração devem ser feitos em função de prévios planos de colonização, de industrialização ou de colocação de mão-de-obra especializada, e nesses planos não pode ser esquecido o caráter prioritário de orientação das migrações internas.

O problema do migrante nacional e do imigrante estrangeiro são, em verdade, duas faces de um problema maior, qual seja o da reforma da estrutura agrária brasileira.

Em matéria de colonização, já é tempo de se retomar presentemente o que se executou no século XIX, de cujos frutos magníficos são exemplos os Estados de Santa Catarina, do Rio Grande do Sul e do Paraná. A mesma experiência da pequena propriedade

em áreas adequadas, conjugada com as medidas complementares necessárias ao seu funcionamento eficiente, precisa ser feita com os migrantes nacionais.

A ação federal na matéria não deve implicar na atrofia nem na perda da autonomia dos órgãos estaduais com finalidades semelhantes, aos quais deve ser assegurada liberdade de iniciativa, embora em coordenação com os órgãos da União. Para isso, será necessária uma lei de imigração mais adequada do que a legislação vigente, de 1938. Ao rever esta legislação, não poderemos esquecer as questões relativas à aquisição da cidadania brasileira. Uma análise dos direitos e deveres dos brasileiros naturalizados mostra a precariedade desta cidadania; tantas e tais são as restrições e interdições legais que pesam sôbre o naturalizado.

O estrangeiro radicado no Brasil é socialmente muito mais integrado do que o admite a legislação vigente. Podemos e devemos ser generosos.

SITUAÇÃO POLITICO-INSTITUCIONAL

0364

1 — ORDENAMENTO JURÍDICO

Sente todo o Brasil que existe profundo desajustamento entre a ordenação vigente de suas instituições e as exigências superiores de seu progresso, bem-estar e segurança. Quer na esfera constitucional, quer na da legislação ordinária, textos há — e em grande número — que clamam por uma reforma, distanciados, há muito, da realidade nacional; outros, esquecidos pelos legisladores e governantes, pedem vigência imediata e corajosa; e, a mais agravar a situação, permanecem ausentes do quadro de nossas regulações institutos e atividades que prosperam de forma indisciplinada, à míngua de textos que os ordenem.

A Constituição, obra com tantos momentos de sabedoria, mas que também se ressente da fase conturbada em que foi elaborada, resultou num instrumento de trabalho inegàvelmente útil à vida do País; todavia, a experiência de quase quinze anos de sua vigência pôs à mostra algumas falhas e inconveniências, que cumpre não omitir, para ensejar correção.

Algumas das reformas que se evidenciaram convenientes foram propostas, com autoridade, por uma Comissão Especial de ilustres jurisconsultos, constituída, em 1956, pelo Ministro da Justiça e Negócios Interiores. Dizem elas respeito, nos pontos principais, à aceleração e disciplina do processo de elaboração legislativa; à discriminação de rendas, permitindo o fortalecimento dos orçamentos estaduais; à supervisão federal da política, nas infrações penais que, pela sua natureza ou repercussão, exorbitem do plano estadual para o nacional ou internacional; à alteração da competência do Supremo Tribunal Federal, e à desapropriação por interêsse social.

Cumpre retomar êsses estudos e ampliá-los a outras normas que também exigem reformulação. Entre essas, cabe referir, em

posição prioritária, as que regem a vida da Federação. Já não se trata de atender apenas a imperativo geográfico, que decorria da extensão do País, pois que o desenvolvimento dos meios de comunicação e transportes encurtou as distâncias e concorreu de forma saudável para fortalecimento da unidade de sentir dos brasileiros, qualquer que seja a latitude em que se encontrem. Trata-se, sim, de respeitar a autonomia dos Estados-Membros, sèriamente atingidos pela União — de forma obliqua mas não menos condenável — com a progressiva, e já agora demasiada, centralização, operada através dos contrôles da vida econômica e financeira do País, de muito aumentada pela inflação e que timbra em desconhecer as exigências dos interêsses regionais, respeitáveis em tudo quanto não contrarie o interêsse nacional, em agravar disparidades de tratamento entre as unidades da Federação, que criam ressentimentos entre irmãos e podem constituir-se em sério problema nacional.

Não desconhece o Govêrno Federal — e também está na compreensão patriótica dos Governos Estaduais — que muitas soluções de graves dificuldades exigem a colaboração de mais de um Estado e o equacionamento regional dos problemas; mas há que respeitar as peculiaridades e reclamos justos das economias locais, de modo a que não tenhamos esvaziada ou anulada a autonomia dos Estados-Membros, afinal reduzidos a meros dependentes ou postulantes da União, asfixiados em suas legítimas reivindicações.

Para tarefa tão relevante e tão urgente, o Govêrno convocará, desde logo, a inteligência e o patriotismo dos brasileiros, e, em especial, de seus ilustres mandatários.

No que diz respeito à representação política, peça basilar do sistema democrático, são gerais os clamores por uma lei orgânica dos partidos políticos, e conseqüente reforma da legislação eleitoral. Cumpre fortalecer os partidos políticos, assegurando-lhes maior intervenção na vida do país, e impondo-lhes correlatamente maiores responsabilidades, não apenas nas épocas episódicas das eleições, mas permanentemente; disciplinar-lhes as convenções partidárias; assegurar-lhes vida financeira independente, mas fiscalizar-lhes os gastos, para que se não vinculem a grupos econômicos nem deformem, através do abuso da propaganda, ou da influência

financeira, a autenticidade da manifestação popular. Por outro lado, o problema da representação proporcional deve ser melhor disciplinado, na diretriz que atenda aos superiores interêsses do sistema democrático.

No plano da complementação dos dispositivos constitucionais, longa é a seqüência de preceitos cuja efetiva vigência aguarda a expedição de legislação ordinária: rápido andamento dos processos administrativos; estabelecimentos de crédito especializado de amparo à lavoura e à pecuária; concessões de serviços públicos; fixação do homem no campo, estabelecendo planos de colonização e aproveitamento das terras públicas; participação dos empregados no lucro das emprêsas; direito de greve, e outros artigos mais.

Maior ainda, e mais profunda, sem dúvida, a tarefa que se impõe no campo da legislação ordinária. Um corpo de leis adotadas para determinados estágios de nossa vida econômico-social, totalmente diversos do atual, apresenta-se hoje como entrave ao desenvolvimento do País, estimulando a sua violação, direta ou indiretamente, através de construções engenhosas dos advogados, comerciantes e industriais, mas de legalidade discutível.

A intervenção do Estado na ordem econômica conduz à multiplicação de textos legislativos sôbre os seus aspectos globais e setoriais. E no que diz respeito às normas administrativas que regem e disciplinam atividades econômicas, as leis envelheceram ràpidamente, degradaram-se de forma irrecuperável ao contato das fortes realidades do desenvolvimento, razão por que êste Govêrno já decidiu oferecer novo subsídio à ação legislativa.

A legislação vigente, formada casuisticamente para as mais diversas conjunturas econômicas, constitui, hoje, menos um instrumento útil de orientação das atividades econômicas para o desenvolvimento, do que um fator para o seu amortecimento. Grande parte desta legislação foi concebida para solucionar problemas de uma economia em depressão, ou em função dos imperativos de uma economia de guerra.

Um Código Comercial, alterado em dois terços de seu texto, com mais de um século de vigência; leis da maior significação econômica como as de debêntures, contemporâneas do encilhamento;

normas societárias de há muito afastadas das exigências da vida moderna; leis de cheques, letras de câmbio, notas promissórias, que desconhecem as convenções internacionais a que emprestamos a nossa adesão; um Código do Ar que clama por atualização; a navegação marítima e interior e os serviços portuários sujeitos aos maiores óbices e dificuldades, e a uma organização de trabalho sem preocupações com a produtividade; bôlsas de valores impossibilitadas, por deficiência de regulamentação, de desempenharem as relevantes funções que lhes cabem na economia do País, de criação de vigoroso mercado interior de capitais; sociedades de investimentos e crédito documentado, e tantas formas novas de contratos e atividades econômicas sem a devida regulamentação legislativa; — eis como se apresenta, em alguns de seus ângulos, arrolados apenas como exemplo, o quadro de uma legislação da qual depende em grande parte o harmonioso desenvolvimento do País. Da mesma forma, os Códigos Civil, Penal, de Processo Civil e de Processo Penal, e o de Menores estão, no entender dos doutos, exigindo reformas, e substanciais.

O objetivo destas reformas não será, entretanto, apenas o aprimoramento técnico do direito positivo para facilidade do seu conhecimento ou aplicação. O ordenamento jurídico, como instrumento da maior importância para a atuação do Estado no sentido do desenvolvimento, deve disciplinar todos os aspectos econômicos, sociais e institucionais do País, segundo êste objetivo maior.

O vulto da tarefa não intimida. Já determinou o Govêrno providências para encetá-la com a convocação dos mais sábios do País, e espera submeter ao Congresso Nacional, em breve tempo, o resultado dos estudos determinados.

2 — REGIME DA PROPRIEDADE

Dentre as reformas institucionais acima referidas merecem destaque especial as medidas que dizem respeito aos estatutos fundamentais do capital e da terra, como bases do nosso regime de propriedade.

A situação do nosso balanço de pagamentos não permite, sem prejuízo da taxa de nosso crescimento econômico, dispensar a cor-

tribuição do capital estrangeiro, sob forma de investimentos ou financiamentos, enquanto possa colaborar eficazmente para intensificar o dinamismo econômico do País, sob as garantias que a nossa legislação concede às emprêsas privadas. Mas tal contribuição estará subordinada aos interêsses fundamentais do desenvolvimento brasileiro e da segurança nacional. Impõe-se uma disciplina seletiva da entrada dêstes capitais, incentivando-a em relação àqueles setores nos quais reputemos esta cooperação conveniente ou recomendável para a presente etapa da nossa vida econômica, e desestimulando-a naqueles em que as suas vantagens não compensem os ônus que acarretem. Nem poderá jamais ser admitida, sem a simultânea garantia ao empresário brasileiro, de condições efetivas de concorrência, modificando-se as leis e regulamentos que o coloquem em situação de inferioridade. E o mesmo imperativo de subordinação do concurso do capital estrangeiro à economia nacional como um todo reclamará urgente disciplina de tôda a remessa de rendimentos para o exterior, que se processe de forma imoderada, ou se constitua num fator permanente de intolerável evasão de recursos.

No plano interno, a eliminação dos abusos do poder econômico será a condição para que a prosperidade nacional venha a refletir, efetivamente, um ideal de democracia econômica e de realização da justiça distributiva.

No que se refere ao estatuto da terra, a utilização do instrumento da desapropriação por interêsse social deverá obedecer às exigências de incremento da produtividade agrícola e de incorporação do homem do campo à comunidade econômica nacional.

E' por aí que se faz mister pôr côbro, tanto aos latifúndios marginalizados a qualquer atividade econômica, ou objeto de uma utilização predatória, quanto à utilização da terra para finalidades especulativas ou de entesourização, tal como acontece com as periferias de quase todos os núcleos urbanos do País. Mas a integração da propriedade com o desenvolvimento não se esgota nessas medidas. Supõe também a criação de um sistema de coerções, sempre orientado pela sua valorização produtiva, que iriam desde as penalizações tributárias até a sua transferência efetiva para os que a queiram explorar em benefício da comunidade. Isso, dentro

de um procedimento que, se deve evitar o confisco, não pode proporcionar ao proprietário ausente, ou descuidado da produtividade de sua terra, o mesmo tratamento dispensado àquele que se transforma num efetivo agente de criação da riqueza nacional.

3 — ADMINISTRAÇÃO PÚBLICA FEDERAL

De importância igual à reforma do ordenamento jurídico é a reorganização do aparelho administrativo federal. Não é de hoje o sentimento de inadequação dêste aparelho ao exercício eficiente das funções do Estado na sociedade brasileira. A vida social e a extensão territorial do País contribuem para ressaltar seus erros e falhas, muitos de caráter endêmico, já incorporados às tradições do serviço público. Subaproveitamento de pessoal técnico e administrativo; lotação de servidores à revelia de aptidões; desperdício de material; utilização inadequada de espaço; excesso de movimentos inúteis, como despachos interlocutórios; fluxos irracionais de trabalho, sobrevivência de burocracias anteconômicas; apêgo a fórmulas superadas por novos métodos de trabalho e pelas facilidades modernas de comunicações; falta de planejamento e programação; más relações públicas; desestímulo afinal, por omissão ou emulação condenável, da defesa das naturais prerrogativas de seus cargos, por todos, e cada um dos funcionários e servidores públicos, — eis algumas das falhas que podem ser enumeradas por qualquer leigo.

Já se foi o tempo em que a concepção do Estado-polícia e a pequena politização do Povo brasileiro permitiam que o País pudesse suportar, sem maiores prejuízos, a ineficiência generalizada da Administração Federal. Na época em que todos os grupos, classes, setores e indivíduos que constituem a sociedade brasileira assediam os podêres públicos em busca de soluções para os seus problemas, o emperramento da máquina do Estado, retardando providências, produzindo soluções incompletas e inadequadas, e cometendo erros freqüentes, representa entrave insuportável ao desenvolvimento nacional.

A preocupação com o problema não é nova. Mas para solucioná-lo ainda não foram adotadas providências suficientemente

amplas e corajosas, capazes de produzir resultados mais apreciáveis. O Govêrno pretende enfrentá-lo com imaginação, decisão e perseverança. Amiudará os esforços e diligências para conduzi-lo a solução rápida e satisfatória. Análises administrativas, levantamentos internos de hábitos e métodos de trabalho das repartições; eliminação sistemática de movimentos inúteis; combate organizado ao desperdício; grupos de simplificação do trabalho; e treinamento específico de pessoal constituem alguns meios a que o Govêrno recorrerá a fim de aumentar o grau de eficiência do serviço público federal.

Nessa tarefa conta o Govêrno com a dedicação que caracteriza a grande maioria dos servidores públicos. Com a sua colaboração moverá guerra incessante, bem concebida e planejada, contra os conhecidos vícios da má burocracia que emperram a engrenagem do Estado, estorvando os esforços de identificação, equacionamento e resolução dos problemas coletivos.

A transferência da Capital, por outro lado, veio aumentar a urgência de uma revisão da própria estrutura da administração pública federal. Não apenas com os objetivos de economia, racionalização e eficiência, mas, — e principalmente —, para promover a descentralização no exercício de suas atribuições. A nova localização da sede do Govêrno, se a aproximou do centro geográfico do País, afastou-a dos centros demográfico e econômico, tornando mais difícil o acêsso aos órgãos superiores da hierarquia administrativa federal. A descentralização, nesse quadro, passa a ter implicações que excedem dos aspectos da ciência da administração, mas dizem respeito aos próprios princípios que orientam o Estado democrático.

4 — SEGURANÇA NACIONAL

De há muito o conceito de segurança nacional passou a ter uma dimensão que ultrapassa os estreitos limites da simples defesa militar, exigindo que militares e civis, em planos iguais, assumam a responsabilidade pelo planejamento e direção da política de segurança nacional.

Não se pode mais pretender tenha vigência o dilema entre segurança nacional e desenvolvimento, a que seriam particularmente

sensíveis as nações mais pobres, assoberbadas por despesas militares opressivas.

Não se dariam conta, muitas vêzes, de que a preocupação com a estrita independência política, desguarnecida da econômica, colocaria em risco o próprio cerne da integridade nacional. É por aí que desenvolvimento e segurança não representam pólos de um antagonismo insolúvel, regido pelo caráter produtivo, ou não, da despesa pública, mas duas facêtas de uma mesma expressão da nacionalidade.

Dentro da concepção total e integrada de desenvolvimento, adotada pelo Govêrno, o prisma da segurança nacional constituirá a instância maior de onde será sempre possível afirmar o interêsse nacional em face das contradições ou antagonismos internos gerados pela expansão do País, nessa etapa crítica, e cujas soluções sòmente a nós, brasileiros, cabe alcançar. Por fôrça dessa exigência de globalidade, a segurança nacional, expressa através do aparelho de defesa, não pode deixar de se beneficiar também da necessidade de nacionalização, inseparável de tôda conduta institucional. E é sob essa mesma visão global que deve ser encontrada a dimensão das despesas com as fôrças armadas do País. Isto para que se situem dentro dos limites, além dos quais, ao prejudicarem o ritmo do desenvolvimento econômico, começam por vulnerar a própria segurança nacional, no seu mais profundo sentido.

No Brasil, como em muitos países, o órgão de cúpula nesses assuntos é o Conselho de Segurança Nacional (CSN), previsto pela própria Constituição da República.

É pensamento do Govêrno enviar projeto de lei ao Congresso, reestruturando o órgão, de modo a assegurar o seu lugar de eminência como remate de nosso aparelho público.

Um esquema de descentralização de sua estrutura, em câmaras e comissões, será um dos imperativos de tal reorganização, capaz de permitir a análise ampla dos vários aspectos em que se retrata o tema da segurança nacional, mas sempre obediente à presença de interêsse global da coletividade, tão indivisível quanto o da própria soberania do País.

IV

POLITICA EXTERNA

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1 — DIRETRIZES GERAIS

A política externa de um país democrático, como é o Brasil, não pode ser senão a projeção, no mundo, do que êle é intrinsecamente. Democracia política, democracia racial, cultura baseada fundamentalmente na ausência de preconceitos e na tolerância, País disposto a empenhar-se integralmente em vencer a pobreza e o subdesenvolvimento econômico, genèricamente renovador, sem ser rebelde, livre de compromissos externos anacrônicos ou oportunistas, e já tendo alcançado uma significação, nas relações internacionais, que lhe dá considerável possibilidade de ação e conseqüente responsabilidade — o Brasil deve ter uma política externa que, refletindo sua personalidade, suas condições e seus interêsses, seja a mais propícia às aspirações gerais da humanidade, ao desenvolvimento econômico, à paz e segurança, ao respeito pelo homem porque homem, à justiça social, à igualdade das raças, à autodeterminação dos povos e sua mútua tolerância e cooperação.

Nascido o Brasil de uma corrente histórica profundamente cristã, tendo evoluído em tôrno de ideais democráticos que vão, agora, cada vez mais profundamente, marcando sua maneira de ser, somos membros natos do mundo livre e jamais perdemos consciência dessa circunstância. Pelo contrário. Mais claramente do que nunca vemos hoje a responsabilidade que nos cabe, o que de essencial há a defender e a situação favorável em que se encontra o Brasil para exercer sua ação, pelo exemplo e pela honestidade de propósitos.

Essa noção mais clara de nossas possibilidades e responsabilidades levou o Govêrno a assumir uma posição internacional mais afirmativa e independente, sem desconhecer compromissos assumidos. A posição ideológica do Brasil é ocidental e não variará. O reconhecimento dessa verdade, porém, não exaure o conteúdo

de nossa política exterior. O Brasil só pode ver sua causa ideológica condicionada por seu caráter nacional e seus interêsses legítimos.

O grande interêsse brasileiro nesta fase histórica é o de vencer a pobreza, o de realizar efetivamente seu desenvolvimento. O desenvolvimento e a justiça social são da essência mesma dos ideais democráticos.

O interêsse no desenvolvimento econômico é comum à maior parte da humanidade. Já se tem falado num conflito entre o norte e o sul dêste globo, porções que se distanciam progressivamente em nível de vida, a primeira enriquecendo-se e a segunda empobrecendo-se. Essa diferenciação do mundo em duas partes, que se justapõe ao conflito ideológico leste-oeste, é essencialmente de ordem econômica e, ao contrário daquele, não encontra grandes entraves para ser anulada. Tal anulação é um imperativo de sobrevivência de uma sociedade internacional, em que as nações tenham o direito de escolher o seu destino. Acreditamos nada se possa fazer de mais eficaz, para a neutralização do conflito ideológico, do que a eliminação, progressiva e rápida, dessa diferenciação norte-sul: nenhum outro objetivo, pois, merece maior empenho do mundo ocidental.

Concentrando energias no seu desenvolvimento econômico e decidido a conservar-se democrático, tem o Brasil o dever de contribuir para reforçar a paz e reduzir tensões internacionais. O problema da paz não é responsabilidade de poucos e, sim, de todos. A do Brasil não é das menores e não será esquivada. Temos uma contribuição a dar, pelo que somos e pelo que queremos.

Temos a convicção de que o estabelecimento de contatos proveitosos entre os países de ideologias divergentes é possível e se impõe ao Brasil, quer por seus interêsses comerciais, quer como colaboração necessária à redução das tensões internacionais e ao progressivo afiançamento da paz. O conflito leste-oeste tende a restringir-se, cada vez mais, ao campo das atitudes ideológicas. Temos confiança nas nossas, não desejamos mal aos povos que as têm diferentes. Não existem, a nosso ver, quaisquer que sejam as expectativas subjetivas de cada facção, conflitos ou antagonis-

mos de índole doutrinária, ou social, que sejam incompatíveis com a política de *convivência sincera*, de *coexistência leal*.

2 — NAÇÕES UNIDAS

Além da reativação das relações bilaterais com os países socialistas, em bases de respeito mútuo e visando ao incremento do comércio, o Brasil considera essencial à diminuição da tensão mundial uma política de fortalecimento das Nações Unidas. Para o Govêrno brasileiro, a Organização das Nações Unidas, sendo menos que um super-Estado, é mais do que a soma de seus Estados-Membros e não foi feita para ser utilizada por êles, isoladamente ou em grupo, como instrumento de sua política paroquial ou de seus interêsses mais imediatistas. Não foram elas criadas para propiciar a expansão dêste ou daquele bloco, mas para salvaguardar a paz e a segurança de todos, proteger os pequenos, permitir a justa aplicação do princípio de autodeterminação dos povos, promover o respeito aos direitos do homem, vitalizar a cooperação internacional para o desenvolvimento econômico, estimular a regulação jurídica do comportamento internacional dos Estados. O Brasil apoia todos êsses objetivos, que são seus, que considera inerentes ao que há de essencial ao mundo livre e o faz sem reservas, sem compromissos espúrios. Só temos compromisso com nossa Constituição, com nossa opinião pública, com os tratados e convenções vigentes e os princípios cristãos que informam a ética dos objetivos e meios de ação de nossa política exterior. O que o Govêrno brasileiro deseja para seu povo é o que deseja para todos os outros. Naturalmente ressalvadas as limitações decorrentes da natureza das relações entre nações soberanas, a honestidade de propósitos com que o Govêrno brasileiro, emanação do Povo, se coloca ao serviço dêsses princípios éticos, na órbita interna, é a mesma que orienta sua ação no âmbito externo.

Essa posição brasileira não é, de modo algum, incompatível com um "consensus" ético mínimo, indispensável à convivência sincera e leal que propugnamos.

A sinceridade é da essência de uma ordem pacífica no mundo, e o respeito pela opinião alheia. Tendo indicado a atitude

do Govêrno no que tange às grandes questões de alcance econômico, o conflito leste-oeste, o desenvolvimento dos povos pobres e a paz, cumpre agora examinar as linhas de ação que se oferecem no que concerne aos problemas que afetam cada grande região do mundo.

3 — PAISES SOCIALISTAS

O Brasil não pode ignorar, sem limitar-se injustamente, a realidade, a vitalidade e o dinamismo dos Estados socialistas. Foram, por isso, tomadas providências para o estabelecimento das relações diplomáticas com a Hungria, a Romênia e a Bulgária e prosseguem os estudos para normalizar nossas relações com todos os países.

Convicto de que o continuado desconhecimento de uma situação política e jurídica estável não propicia a redução das tensões internacionais, determinou o Govêrno que a Delegação do Brasil à Assembléia Geral das Nações Unidas vote, na primeira oportunidade que se apresentar, pela aceitação plena das credenciais dos representantes da República Popular da Hungria e pela inclusão, na ordem do dia, da questão da representação da República Popular da China.

Nesta área, como em tôdas as demais, as medidas para ampliação de nossos mercados no exterior são da maior relevância; tôdas as possibilidades serão exploradas objetivamente, sem admitir sejam elas desvirtuadas para fins ilegítimos.

4 — EUROPA

A todo o mundo afetam a paz e a estabilidade da Europa. Ninguém pode descuidar-se do problema da normalização das relações entre os dois grandes blocos de poder na sua fronteira mais viva, que biparte o Continente europeu. Não é possível desconhecer aqui os interêsses vitais de uma parte e de outra sem pôr em risco as possibilidades de uma convivência sincera.

O Govêrno brasileiro acredita que uma das questões críticas que requerem tratamento preciso e sem tergiversações, no inte-

rêsse de todos, é a questão da Alemanha. Estamos profundamente convictos de que o problema alemão é um dos problemas chaves da tensão mundial e desejamos reafirmar que nossa posição sôbre o assunto continua inalterada. Acreditamos que o govêrno de Bonn é a verdadeira expressão política da Alemanha.

Poucos acontecimentos poderão contribuir mais para a paz e a prosperidade do mundo que o substancial progresso econômico verificado na Europa ocidental nos últimos anos. Ligados a essa região por tantos laços, em que sobreleva o vínculo perene com o povo português, consideramos indispensável que o progresso europeu resulte em trocas comerciais mais abundantes e num apoio decisivo ao desenvolvimento econômico do Brasil e da América Latina. Não serão, a longo prazo, vantajosos para a própria Europa os esforços de integração econômica a que ora se dedica, se dêles decorrer a indiferença pelas grandes possibilidades da cooperação com a América Latina.

Os interêsses europeus, há que sublinhar, se ajustam complementarmente aos interêsses brasileiros de aumentar suas relações de troca com o Velho Continente e dêle absorver parcelas mais substanciais de investimentos e de créditos a longo prazo. É indispensável, para tanto, que as pautas de importação e exportação sejam atualizadas, levando em conta a rápida e crescente industrialização brasileira. É indispensável, por outro lado, que os mecanismos europeus de financiamento, que prosseguem submetidos à restritiva regulamentação da Convenção de Berna, sejam adaptados às novas exigências mundiais de financiamento a prazo longo.

O mercado brasileiro constitui hoje um dos mercados em maior expansão do mundo e reflete a demanda de uma população crescente, que conta setenta milhões de habitantes e cuja renda *per capita* é igualmente crescente. Êste mercado sempre estêve aberto à oferta internacional e sempre foi particularmente sensível à tradição de qualidade da indústria européia. O incremento da procura de bens de produção, determinado pelo rápido desenvolvimento brasileiro, entretanto, torna necessária a adoção de esquema de financiamento por mais longo prazo de parte dos países que queiram acompanhar a expansão de nossas compras.

O Govêrno empreenderá as necessárias gestões, junto aos países europeus, no sentido de promover a adoção de formas de financiamento a prazo longo, compatíveis com o nosso mútuo interêsse na aplicação do intercâmbio comercial e na sadia aplicação, na aceleração do desenvolvimento brasileiro, da poupança européia.

5 — MUNDO AFRO-ASIÁTICO

Não menos importantes, hoje em dia, do que os laços tradicionais que nos ligam à Europa, são os interêsses, aspirações e pontos de contato entre o Brasil e os povos da África e da Ásia. Com todos êles, pràticamente, estamos irmanados na luta pelo desenvolvimento econômico, pela defesa dos produtos de base, pela industrialização, pela incorporação à vida nacional de tôdas as camadas da população. Da mesma aspiração de paz mundial participamos e com o mesmo fervor e a mesma disposição de agir nos conselhos mundiais pela redução das tensões. Somos um povo de tôdas as raças, em que a côr, a religião, a filiação política são irrelevantes, e o indivíduo vale pelo que é. Não aceitamos qualquer forma ou modalidade de colonialismo ou imperialismo. Pode-se afirmar, com a sinceridade mais absoluta, que o Brasil se esforçará para que todos os povos coloniais, repetimos, todos, sem exceção, atinjam sua independência, no mais breve prazo possível, e nas condições que melhor facultem sua estabilidade e progresso.

O princípio de autodeterminação, em suas aplicações, necessàriamente envolve problemas específicos em cada situação. Não é possível confundir a pretensão de um povo à independência com a pretensão de um Estado a obter território alheio por motivos apenas de proximidade geográfica.

Nenhuma satisfação maior para o Govêrno, no cenário mundial, do que ver aproximar-se o dia em que um povo de tanta significação no mundo islâmico, como é o argelino, atingirá a sua independência. O Brasil formula os melhores votos para que os entendimentos entre os dois grandes estadistas, que são De

Gaulle e Burguiba, possam facilitar o encaminhamento de uma solução decisiva para a heróica luta do povo argelino.

Não serão descuidadas as oportunidades para estreitar relações com os povos árabes, cuja cultura tem velhas conexões com a nossa e cujos filhos vieram ao Brasil para engrandecê-lo.

O nosso esfôrço em África, por mais intenso que venha a ser, não poderá senão constituir uma modesta retribuição, um pequeno pagamento da imensa dívida que o Brasil tem para com o povo africano. Essa razão, de ordem moral, justificaria por si só a importância que êste Govêrno empresta à sua política de aproximação com a África. Mas há mais : queremos ajudar a criar, no Hemisfério sul, um clima de perfeito entendimento e compreensão em todos os planos : político e cultural, uma verdadeira identidade espiritual. Se bem que em fases diversas de desenvolvimento, os problemas que nos confrontam, de um e de outro lado do Atlântico, são semelhantes, possibilitando, destarte, o aproveitamento das soluções encontradas.

Uma África próspera, estável, é condição essencial para a segurança e desenvolvimento do Brasil.

O Govêrno está estudando a criação de novas missões diplomáticas permanentes em países africanos, que simbolizem desde já o respeito em que os temos e a relevância que lhes atribuímos. Precisamos conhecer-nos melhor. Projeta-se o envio de missão especial de observação que possa formar impressão de conjunto dêsses países, consultar os desejos de seus líderes e de seus povos e esclarecer o Govêrno com maior precisão. O Ministério das Relações Exteriores já recebeu instruções para criar uma comissão de estudos das nossas relações com a África.

O Govêrno aborda o problema de suas relações com os Estados africanos com humildade. Sabemos que não poderemos dar-lhes ajuda material significativa. Mas temos a vivência, êles e nós, de luta em meios ecológicos semelhantes, que pode propiciar proveitoso intercâmbio de técnicas e experiências. Temos, os brasileiros, uma sociedade multi-racial tão harmoniosa e integrada que talvez não nos seja difícil a compreensão e o respeito em que tôda boa amizade deve fundar-se.

A presente situação do Congo contrista a opinião pública e o Govêrno do Brasil. Não poderiam as Nações Unidas ter garantido a ordem e a segurança naquele país, quando os meios e podêres suficientes não lhe foram outorgados em tempo. O Brasil não vê por que deixar de confiar na inteireza e na capacidade do Secretariado da Organização, seu órgão permanente de contatos e execução. O Brasil está convencido da responsabilidade de todos os Estados-Membros das Nações Unidas de cooperarem honesta e eficazmente a fim de que a nova nação africana supere as lutas fratricidas, e os crimes em seu curso cometidos, e atinja a liberdade, estabilidade, total independência e indestrutível unidade a que tem direito. O Congo é dos congoleses e a tarefa das Nações Unidas é criar condições que os permitam governar, constitucionalmente e sem ódios, seu próprio país e encaminhá-lo para a plena utilização de suas potencialidades. É preciso impedir que os acontecimentos no Congo sirvam de instrumento para que qualquer país, ou grupo de países, obtenha vantagem para sua posição internacional específica.

6 — POLÍTICA CONTINENTAL

As possibilidades de ação e, portanto, as responsabilidades do Brasil no Hemisfério Ocidental são evidentemente maiores de que em qualquer outra região.

A evolução histórica recente de algumas nações irmãs estaria mais inclinada para a esquerda ou para a direita do que pareceria desejável, a juízo de alguns. Pouco importa, embora convenha manter aberto, de norte a sul, amigável e cooperativo, o diálogo sôbre as recíprocas experiências e necessidades. O que importa, todavia, é a afirmação, por todo país latino americano, de sua autodeterminação, preservada de qualquer intervenção alheia nos próprios negócios e resguardada de qualquer intervenção própria nos negócios alheios.

O Brasil manter-se-á fiel ao sistema interamericano e tudo fará para vitalizá-lo. Como foi reconhecido pela Ata de Bogotá, na qual estão consagrados os principais pontos práticos e teóricos da Operação Pan-Americana, a solução dos problemas que afligem o Continente dependerá substancialmente do progresso econômico.

Êsse progresso econômico não será estimulado enquanto não se decidirem os Govêrnos da América a passar do plano das formulações teóricas para o terreno da execução prática de medidas adequadas. Por isso, é firme propósito do Govêrno brasileiro cuidar desde logo dessas providências concretas. Já no Itamarati estão sendo elaboradas propostas definidas e objetivas com êsse fim.

A disposição do atual Govêrno norte-americano parece ser a melhor possível. Os pronunciamentos das autoridades do referido Govêrno e as primeiras medidas que tomou, com a criação de uma comissão inter-ministerial para assuntos latino-americanos, são do melhor augúrio. Esperamos colocar em bases bilaterais fecundas e realistas as nossas relações com os nossos tradicionais amigos do norte.

O Govêrno brasileiro confia em que o Govêrno norte-americano, como os das demais repúblicas do Continente, tenha plena consciência da necessidade de que a evolução da América Latina se processe por caminhos democráticos, para o que é indispensável que suas exportações aumentem, que sua industrialização se acelere, que sua agricultura atinja melhores índices de produtividade, que seu povo se eduque.

O Govêrno brasileiro adotou política que envolve consideráveis sacrifícios, para desenvolver o País em bases reais e ordenadamente. Espera compreensão e apoio. Juntamente com outros países da América Latina, o Brasil tem-se empenhado num esfôrço sério, que êste Govêrno levará avante, para criar uma zona de livre comércio, capaz de estimular a prosperidade intra-regional.

Pretende o Govêrno realizar os esforços que se façam necessários, e adotar as providências ao seu alcance, para que a execução do Tratado de Montevidéu venha a abrir, a cada Estado, o mais amplo e mais racional aproveitamento de suas potencialidades, do que resultará o desenvolvimento mais rápido e mais seguro de suas perspectivas econômicas.

Importa, assim, proceder, de um lado, a razoável especialização, dentro da zona de livre comércio e, de outra parte, a adequada concentração de recursos de capital e de tecnologia, para atacar

empreendimentos demasiadamente amplos para cada um dos países-membros, isoladamente. Deve-se mencionar, nesta última linha de idéias, a conveniência da instalação e operação de institutos tecnológicos que aumentem rápidamente o patrimônio de conhecimentos técnicos da América Latina.

Quanto aos atuais acontecimentos que perturbam as relações interamericanas, o Govêrno brasileiro confia em que as Nações irmãs nêles envolvidas encontrarão em breve, e de acôrdo com os princípios consagrados pelo sistema interamericano, a solução pacífica e justa que êles requerem. O Brasil estará sempre pronto a prestar, em qualquer oportunidade, a sua colaboração mais completa para a pacificação da família continental. Não se pode permitir que o problema da América Latina assuma a feição de lutas e conflitos regionais. O problema real de nossa comunidade fraterna tem de ser e de evoluir rápidamente para a satisfação das aspirações comuns de desenvolvimento econômico, maturidade política e justiça social.

O Govêrno brasileiro está disposto à colaboração mais íntima e ao mais perfeito entendimento com as Repúblicas irmãs da América Latina, tanto no que diz respeito aos problemas regionais, quanto às questões de âmbito mundial.

Essas, em têrmos muito gerais, as observações que cabe fazer sôbre a política exterior que o Govêrno se propõe adotar, e que podem ser resumidas nos seguintes pontos:

1) Respeito aos compromissos e à posição tradicional do Brasil no mundo livre;

2) Ampliação dos contatos com todos os países, inclusive os do mundo socialista;

3) Contribuição constante e objetiva à redução das tensões internacionais, quer no plano regional, quer no mundial;

4) Expansão do comércio externo brasileiro;

5) Apoio decidido ao anticolonialismo;

6) Luta contra o subdesenvolvimento econômico;

7) Incremento das relações com a Europa, em todos os planos;

8) Reconhecimento e atribuição da devida importância aos interêsses e aspirações comuns ao Brasil e às Nações da Africa e da Asia;

9) Estabelecimento e estreitamento de relações com os Estados africanos;

10) Fidelidade ao sistema interamericano;

11) Continuidade e intensificação da Operação Pan-Americana;

12) Apoio constante ao programa de Associação do Livre Comércio Latino-Americano;

13) A mais intima e completa cooperação com as Repúblicas irmãs da América Latina, em todos os planos;

13) Relações de sincera colaboração com os Estados Unidos, em defesa do progresso democrático e social das Américas;

15) Apoio decidido e ativo à Organização das Nações Unidas para que ela se constitua na garantia efetiva e incontestável da paz internacional e da justiça econômica.

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FROM : Lima

NO. 69

AUG - 1 1961

TO : THE DEPARTMENT OF STATE, WASHINGTON.

July 31, 1961
DATE

REF : Desp. No. 52 of August 3, 1960

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SUBJECT: 1961 Congress Is Inaugurated, New Officers Installed

Summary

The 1961 Peruvian National Congress was inaugurated July 28, with President PRADO delivering his annual message to a joint session of the two houses of Congress. Officers of the Senate and the Chamber of Deputies were elected and installed in office the preceding day, for the current legislative year. The two houses of the Congress will convene on August 7 in regular annual session, which is of 120 days' duration. As in previous years, several special sessions are likely after the regular annual session ends. In their acceptance speeches to their respective houses, the newly elected presidents of the Senate and the Chamber of Deputies appealed to their colleagues for support during the difficult legislative year that lies ahead. The 1961 Congress is the final legislature to be convened during President PRADO's term of office. With the campaign for the 1962 national elections gaining momentum, the current session of Congress is expected to be unusually stormy, and it may be difficult for the Congress to give important legislation the attention it deserves. The most immediate task of the 1961 Congress is to conclude action on various measures left over from the 1960 Congress, including the controversial Electoral Statute and the Social Security Statute. After that, the Congress will be called upon to approve the 1962 budget, and may later find time to give attention to measures to introduce important economic and social reforms, including an agrarian reform bill, which were sent to the Congress more than nine months ago.

1961 Congress is Inaugurated

The two houses of Congress met in joint session July 28, to inaugurate the 1961 Legislature and to hear President Manuel Prado deliver his annual message to Congress.1/ Following the President's address, the Congress adjourned until August 7, when the two houses will begin their regular daily sessions. As specified by Article 107 of the Constitution, ordinary annual sessions of the Congress are of 120 days' duration (excluding Sundays

1/ A forthcoming despatch will report on the President's message.

DEPARTMENT OF STATE
INTER-AMERICAN AFFAIRS
AUG 7 1961

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It has been the practice in previous years to convene additional special legislative sessions of about thirty days' duration each. The 1960 Congress, for example, was convened in five special sessions, the final one of which ended July 25, just three days before the 1961 regular legislative session was inaugurated.

During the inaugural session, the Popular Action (AP) bloc in the Chamber of Deputies succeeded in introducing a bill to repeal anti-Communist Law No. 13488, promulgated last January. The bill declares that the law, which opposition parties refer to as the "law of repression," not only violates Article 59 of the Constitution, providing that no one will be persecuted for his ideas, but that it can also be used to exclude many Peruvians from the electoral process and could give origin "to a government that does not express the will of the majority of the people." President de la Flor ordered that the bill be read, but no other action was taken.

The officers of the Senate and the Chamber of Deputies for the 1961 legislative year were elected and installed in office July 27. As in the past, these officers were selected from slates of candidates presented by the majority in each house. In contrast to last year's elections, however, the opposition did not present a slate of candidates in either house, and there were two rival slates presented by the majority in the Senate.

In the Senate, the Peruvian Democratic Movement (MDP) captured four of the offices; two were won by independents who support the majority, and one by a member of the pro-Aprista Independent Democratic Parliamentary Front (FPDI). In the Chamber of Deputies, the MDP won five offices, and the FPDI won the two remaining offices. In contrast to the previous year's elections, when the National Unification bloc gained one office in each house, including the Senate presidency, this year the UN did not gain any offices in either house. In 1960, the FPDI gained control of one office in the Senate and three in the lower house. In that year, no independents were elected to offices in either house.

As expected, Senator Enrique MARTINELLI Tizón (MDP-Apurimac) was elected President of the Senate, and Deputy Armando DE LA FLOR (MDP-Lambayeque) was re-elected President of the Chamber of Deputies. Senator Martinelli, who was President of the Senate during the 1959 Congress, gained 24 of the 40 votes cast; Senator Victor AREVALO Delgado (MDP-San Martín) won 11 votes, and Senator Alberto CHAPARRO Meléndez (MDP-Junín) received 5 votes. Deputy de la Flor received 132 of the 136 votes cast in the contest for the presidency of the Chamber of Deputies, a record high. His nearest rival, Eduardo VALLEJOS Montenegro (MDP-Junín) received only two votes.

The races for Treasurer of the Senate and for Secretary of the Chamber of Deputies were hotly contested. In the Senate contest, Jorge Eugenio CASTAÑEDA Peralta (Ind-La Libertad) defeated Carlos Manuel ORREGOSO Barda (MDP-La Libertad) in the third ballot, while Sra. Carleta Ramos DE SANTOLAYA (MDP-Piura) defeated Lincoln PINZAS Gallardo (UN-Huanuco) in the fourth ballot. Sra. de Santolaya, whose name did not appear on the slate of candidates presented by the majority, received unexpected support. She is the second woman to hold office in the lower house.2/

2/ Sra. Maria Colina DE GOTUZZO (FPDI-La Libertad) was elected Pro-Secretary of the Chamber of Deputies in 1957.

None of those elected in the Senate held office in the 1960 Congress; two of the newly elected officers of the Senate, President de la Flor and Treasurer Grimaldo REATEGUI Weninger (MDP-San Martin), held the same offices last year.

The officers elected for the 1961 Congress are:

Senate

President	Enrique MARTINELLI Tizón (MDP-Apurimac)
First Vice President	Manuel CACHO Souza (MDP-Cajamarca)
Second Vice President	Edgardo PORTARO Mazzetti (Ind.-Pasco)
First Secretary	Cesáreo VIDALON Menéndez (MDP-Huancavelica)
Second Secretary	Jorge Eugenio CASTAÑEDA Peralta (Ind.-La Libertad)
Pro-Secretary	Miguel MONTEZA Tafur (MDP-Amazonas)
Treasurer	Victor SALAS Meléndez (FPDI-Lima)

Chamber of Deputies

President	Armando DE LA FLOR Valle (MDP-Lambayeque)
First Vice President	Manuel PANIZO Ortiz (FPDI-Lima)
Second Vice President	Marco Antonio GARRIDO Malo (MDP-Piura)
Secretary	Carlota Ramos DE SANTOLAYA (MDP-Piura)
Secretary	Alejandro NINO de Guzmán (MDP-Apurimac)
Pro-Secretary	Ronald BALAREZO Minshola (FPDI-La Libertad)
Pro-Secretary	Américo VARGAS Pano (MDP-Apurimac)
Treasurer	Grimaldo REATEGUI Weninger (MDP-San Martin)

After they and the other newly elected officers of the two houses of Congress had been sworn into office, Senate President Martinelli and Chamber of Deputies President de la Flor each delivered brief acceptance addresses to their respective houses. Senator Martinelli expressed his appreciation to those who had supported him and promised to exercise the duties of his office to the best of his ability. He declared that although the Senate and the Congress had been "unjustly attacked," it merited public applause. Among the accomplishments of the Congress, he cited the passage of legislation providing for workers' retirement, thirty days' annual vacations for workers, the creation of an Economic Development Fund, gratuities for teachers, the creation of corporations of Arequipa, Cuzco, Puno, and Tacna, and the establishment of universities and schools "throughout the country." He declared that he was certain that the majority and the minority blocs of the legislature would display the same patriotic spirit in fulfilling their legislative tasks for the nation's benefit in the coming legislative year. He promised that he would exercise his duties with absolute impartiality, and that he would serve the highest interests of the nation.

Deputy de la Flor, in a somewhat longer statement, told the Chamber of Deputies that many hours had been devoted by the lower house to debate, which he said had given rise to some criticism, inasmuch as the primary duty of legislators is to legislate. Nevertheless, he said, free debate is necessary in a democracy in order to resolve national problems. Even in the most heated debates, he said, everyone recognized that the sole purpose of such discussion was to reach decisions in the national interest. Turning to the forthcoming legislative session, de la Flor said the nation now faces problems which require immediate action. Referring to the

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campaign for the 1962 general elections, he declared that a "climate of serenity" is "absolutely indispensible." He emphasized that parliamentary groups have the responsibility to prevent the democratic system from being damaged, and urged all deputies to dedicate their energies to the fulfillment of their legislative duties. He praised the majority and concluded by asking for the "sincere, frank, and patriotic cooperation" of the legislative minority. Regardless of differing political points of view, he said, it is necessary to avoid "fatal conflicts" between the Executive and Legislative branches in order to preserve democracy, and to prevent the democratic process from being disrupted "under any pretext."

Heavy Legislative Calendar Awaits Action

The 1961 Congress faces a heavy legislative calendar and its sessions are likely to be even more tumultous than those of previous years of the Prado Administration. With the 1962 general elections scheduled for June 1962, the electoral campaign is already under way, and the various political parties and blocs represented in Congress are expected to adopt more partisan approaches to legislation, especially if it is of a controversial nature. Opposition groups are expected to become even more critical of the Prado Government than they have been in the past, and electoral considerations may make the majority in the two houses of Congress reluctant to press for necessary but unpopular measures.

Most of the important issues faced by the 1960 Congress when it was inaugurated one year ago have not been resolved, and now confront the 1961 Congress.

There has been no action on the La Brea y Parinas petroleum dispute, and none is expected until after the 1962 elections.

A bill to revise the Electoral Statute, to govern the 1962 elections, has been approved by the Chamber of Deputies, but was in the initial stages of consideration by the Senate when the 1960 Congress ended.

The Employees Social Security Statute was being considered by the lower house when the 1960 session ended. After it is approved, it must be referred to the Senate for consideration.

The interpellation by the Chamber of Deputies of Minister of Government and Police Ricardo ELIAS Aparicio on the June 29 killing by the police of a striking construction worker, has not been completed. It was postponed in the final days of the 1960 Congress because Elias suffered a heart attack.

Premier Pedro BELTRAN's economic and social reform program, most of which was sent to the Congress last November, has not yet been introduced.

In addition, the 1962 budget must be presented to the Congress for its consideration at an early date.

The heavy legislative calendar faced by the Congress during the coming year poses a formidable challenge to Peru's lawmakers, especially in view of the proximity of Peru's first elections in six years.

For the Ambassador:
C. E. Bartch
Second Secretary

Copy to Consulate, Arequipa.

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10/18/61 4 PM DML

Control: 8777
Rec'd: October 14, 1961
3 P.M.

OFFICE OF UNITED NATIONS POLITICAL AND SECURITY AFFAIRS
OCT 19 1961

FROM: Rio de Janeiro (CORRECTED COPY)

TO: Secretary of State

NO: 967, October 13, 7 P.M.

ACTION DEPARTMENT 967, INFORMATION NEW YORK 25

Foreign Minister Dantas yesterday underwent two-hour interpellation Chamber Deputies. Full text his statement unavailable and local press accounts vary but following version his position important issues believed essentially accurate.

CHIREP issue complex difficult for all countries, involving right to Security Council seat. Brazil naturally concerned that country Communist China's size importance outside UN, not subject international obligations re disarmament, et cetera, and therefore obstacle UN's primary objective preserve world peace. Hence Brazilian Government had decided vote, not for Communist China admission UN, but for UN examination question. However Brazil reserves right examine at proper time merit of question.

Re Cuba, Brazil stands firm for self-determination non-intervention. Self-determination only valid way constitute democratic regime. No regime democratic if imposed by force. An international procedure which provides opportunity for interference of foreign state, or of coalition states, in order impose on another people change of regime likewise not democratic. Brazil therefore desires that American states can move toward political regime they prefer by own means and by manifestation will their people. Principle non-intervention protects non-democratic as well as democratic regimes and GOB's own ideology is that of representative democracy.

Brazil applies principles self-determination non-intervention al / Regarding areas.

Correction made by RM/R

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Regarding Hungary Brazil always had voted for UN investigation accusations against Soviet Union and would do same in present GA.

Portuguese Government's refusal permit investigation Angola situation by neutral UN committee was lamentable.

DML BOND

0394

AIR POUCH
PRIORITY

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DESP. NO.

FROM : Amembassy RIO DE JANEIRO

TO : THE DEPARTMENT OF STATE, WASHINGTON. November 7, 1961
DATE

REF : Embtel 967

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	REC'D 11-16	INFO OTHER BOB-1 cia-15 usia-10 OSD 5 Army-4 Navy-4 #50

SUBJECT: Statements by Foreign Minister on Red China, Cuba, Bolivian Relations

Com-10 VK-3 USA-1

Enclosed is a translation of an article from O Estado de São Paulo reporting Foreign Minister San Tiago Dantas' statements on Bolivian relations, Communist China and Cuba, made October 13 in the Chamber of Deputies. As has been reported in the telegram under reference, the Foreign Minister said inter alia (1) that the continuation of Red China outside the United Nations is dangerous, but that Brazil has voted only to discuss this question in the United Nations and reserves its position on the substantive vote for "the proper opportunity", and (2) that Brazil stands firm against intervention in Cuba, supports self-determination "not merely in Cuba but in all other countries," and is itself committed ideologically to representative government (a tacit rebuke of Castro). Regarding relations with Bolivia, the Foreign Minister noted that action on the Roboré agreements had been stalled for several years because of a controversy between Congress and the Executive over whether four of the various notes exchanged between Brazil and Bolivia were simply executive agreements or were in the nature of treaties subject to ratification by Congress. The Foreign Minister stated that the present Executive Power considers these notes subject to Congressional review and shortly would send them to the Senate. He added that studies were being prepared with regard to continued Brazilian financing for the Brazil-Bolivian Railroad.

For the Ambassador:

Thomas M. Tonkin

Thomas M. Tonkin
Third Secretary of Embassy

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
NOV 15 1961

APPROVED:

Philip Raine
Counselor of Embassy
for Political Affairs

Enclosure: As stated.

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Enclosure
Page 1
Despatch 384
Rio de Janeiro

TRANSLATION OF O ESTADO DE SAO PAULO ARTICLE REPORTING FOREIGN MINISTER'S STATEMENTS ON BOLIVIAN RELATIONS, COMMUNIST CHINA AND CUBA MADE OCTOBER 13 IN CHAMBER OF DEPUTIES

(1) Bolivia

QUOTE The Chamber knows better than anyone the motives for this paralysis /with regard to Brazilian implementation of agreements signed at Roboré with Bolivia/. The agreements signed at Roboré are divided in two: on one side, ten conventions elaborated in the form of a treaty were sent to Congress to obtain the proper approval, and twenty others were presented as an exchange of confirming notes. This technique, in the practice of international relations, corresponds, preferentially, to the supplementing, the clarification and the interpretation of the signed treaties. Among these confirming notes, four, above all, call for the attention of Congress: No. 1, which refers to a rectification of limits between Brazil and Bolivia; No. 2, which establishes a modification in the guarantees of Bolivian debts to our country; and No. 6 and 7, which refer to the exploitation of the petroleum in the area reserved for the Bolivian-Brazilian concessions."

San Tiago Dantas added that in the ample investigation of these documents which was held in the plenary session of the Chamber and in the Foreign Relations Committee, there was evident a strong conviction that these international instruments, by the nature of the material regulated in them, exceeded the formal limits of simple notes and that therefore it would be better to give them the form of a treaty and send them to the legislative power for approval. A long controversy took place about the material and the result is that the conventions, since 1959, have made no progress in the legislature, some being in Committee, while five others are ready to be included in the order of business. Parallelly, this next week the message of the executive power which will submit the four confirming notes for the consideration of Congress should be ready.

With respect to the Brazil-Bolivian Railroad, the Foreign Minister said he considered it "one of the most serious, attention-worthy and rapid-solution-worthy problems of our international activities."

"At this moment"--added the Chancellor--"I can say that I have already reached an understanding with the eminent relator of the material

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in the Finance Committee, to obtain the immediate report out of Committee of the project which authorizes the opening of a new credit for the continuation of the works and for the re-equipment of certain already complete stretches of the road. But, as this material is of great technical delicacy and as we judge it necessary, considering the present framework of our financial difficulties, to give an exact balance in the immediate committments it represents, the government deemed it advisable to constitute a working group staffed by railroad engineers under the presidency of the President of the Federal Rail Road System to report on pre-determined technical and financial aspects which will permit it duly to program the investments which are to be made in this sector."

(2) Communist China

Answering interpellation No. 3 from Abel Rafael (PRP-Minas Gerais) the Foreign Minister declared: "The problem of Communist China in the United Nations is a problem of great complexity and difficulty for all countries. In the first place, it is known that the United Nations lives, exists, essentially for one end, that of assuring peace, an end to which can be added others, which the supression of peace would make impossible. Living to assure peace, it is natural that the United Nations has also as its immediate objective, disarmament, /and/ the international commitments which could have a limiting effect on the armaments race, and therefore it is natural that a country which sincerely loves peace, as does Brazil, cannot avoid looking with great apprehension, with great caution, at the fact that there exists in the world a great community, the most populous on the globe, living outside the limits of the United Nations, not participating in its benefits, but also not suffering the limitations of its commitments." And he added: "A problem of this magnitude cannot but constitute for all nations conscious of their international responsibility a theme of extreme preoccupation, and it was because of this that the Brazilian Government resolved to give its vote, not to the admission of Communist China into the United Nations, but to the inclusion of an item on the work agenda which would permit the examination of this question." Brazil, however, reserved the right to examine, at the proper opportunity, which position to adopt as to the merit of the question.

(3) Cuba

Abel Rafael asked if the Fidel Castro government will be supported by Brazil, based on the principle of self-determination.

Explaining what should precisely be understood by self-determination, the Foreign Minister declared that it meant respecting "not merely the

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self-determination of Cuba but the self-determination of any other country." He further clarified this: "Once a system is adopted, by any manner, the meddling of another power is not a qualified means to obtain its modification. What is the proper way to modify the system of a people? What is the proper means from which we hope Cuba will draw forces to integrate herself into the more orthodox practice of democracy? This proper way is the free manifestation of the will of the Cuban people, for self-determination is the only way through which a democratic regime can be legitimately constructed in the country. The constitution of a regime which had that name /democratic/, but had it imposed by force, would not be democratic. Also undemocratic is the international practice which gives opportunity to interference by a foreign State or coalition of States, to impose on these people a change in their internal public order."

Concluding his thought, the Chancellor affirmed "What Brazil desires is that there not be committed, in relation to any American state, violations of the principle of non-intervention, and that these States be able to move toward the political system of their preference by their own means and by the manifestation of the will of their people."

And to another interpellation he replied: "Now that we speak of sympathies and ideological affinities, in the name of the government I can only say to Your Excellency that the ideology of the government is the ideology of the Brazilian Constitution, and that is one of representative democracy."

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OSD 16	USIA 8	NSA 3

DEPARTMENT OF STATE

AIRGRAM

(Departmental and Foreign Service)

732.2/3-2062

A-399
NO.

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TO : Department of State

RPTD: All consulates Brazil:

São Paulo A-3 Santos A-5
Belem A-6 INFO: Curitiba A-5 Recife A-6
Belo Horizonte A-6 RM/R Porto Alegre A-5 Salvador A-6

FROM : Amembassy, Brasilia Orrice DATE: March 20, 1962

SUBJECT : Presidential Message to Congress

REF :

file ARA/EST/B Jun W 4-5-62

Congress opened regular session yesterday; joint session received Presidential State of the Nation message required by constitutional amendment of September 2, 1961. Goulart did not appear personally.

In Introduction, Goulart called for banking reform, administrative reform, tax reform, and especially agrarian reform. "It will be necessary to reduce to the minimum the financial cost of reform by means of legislation that fixes the criterion of value for expropriation in the social interest and establishes alternatives for the prior indemnification in cash."

On profit remittance, he said "We must not lose sight of the fact that problem of remittance is linked essentially to the entrance of foreign capital. When legislating on one, the other is automatically legislated upon."

Foreign policy "Loyal to our obligations, Brazil follows the line of independence and justice in face of international disputes. We are usefully enlarging our relations, with the prospect of new markets for our products. We have reäumed diplomatic relations with the USSR and other nations of eastern Europe. Simultaneously, we seek to tighten our connections to the U.S.A. within a system of accords and understandings which always mark our relations, a line that I hope to see consolidated and extended on the occasion of my coming visit to that country."

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FORM DS-323 11-61

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Drafted by:

Contents and Classification Approved by:

Clearances:

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Full translation of chapter on foreign policy below with more significant portions underlined. Comments on other chapters as appropriate to follow. Copies of document will be airpouched when available.

Do not microfilm

Chapter 5 on foreign policy translated in full:

"The foreign policy of Brazil has been characterized by fidelity to the principles which find their roots in the truest manifestations of the national temperament. A nation of Christian origin, shaping us in the practices of coexistence and tolerance included in a tradition of order and peace as well as egalitarian inclinations, repudiating solutions by force, or those not legitimized by law, which in the past gave us racial democracy and now carry us inevitably toward social justice which our generation has been called on to establish. Assuring the achievement of the objectives of security, welfare and progress of the people, it is natural, therefore that Brazil carries to the international community a contribution of profound human content. It suffices to recall certain constant factors in our foreign policy: defense of peace, prohibition of war, respect for human rights, legal equality of states, good neighborliness, non-intervention in the sovereign processes of nations, and the self-determination of peoples.

Thus have we directed ourselves on the universal plane, nothing else could be our procedure in confronting the problems closest to the nations of the continent. Here, our responsibilities increase in direct ratio to our solidarity with our sister republics. We have been loyal to the inter-American system and no effort has been spared in trying to strengthen and vitalize it. We condemn and we shall condemn any ideology making attempts, directly or indirectly, against the integrity or security of its members. In this battle to safeguard the concept of life inherited from our ancestors, we cannot neglect certain principles which we are committed to defend, logically, invariably, solemnly; above all else the inviolateness of legal procedures. Even in the case of extreme divergencies, Brazil must not exclude, in advance, the possibility, no matter how tenuous or remote it appears, of constructive measures, capable of guaranteeing or reestablishing the community of great American nations.

At the current moment in history our great struggle must be to defeat, in the shortest time and preserving democratic institutions, the condition of underdevelopment in which we still find

Action Copy

Translation of Excerpt from President Goulart's State of the Nation message of March 19, 1962

ourselves. Therefore, we are actively participating in the efforts of the Alliance for Progress, which followed up Operation Pan Americana, and the Latin American Free Trade Association, destined, although by different means, to raise the standard of living of the peoples of the Continent and to furnish them greater social justice.

It is well-known that three-quarters of humanity lives today in an underdeveloped condition. We feel ties to those who are struggling, as we are, to eliminate the tremendous differences existing, in terms of economic and social welfare, between a small number of nations and the remainder. This causes us to follow with great attention the campaign for emancipation of the African and Asiatic peoples, started soon after the Second World War. Brazil favors the application of the principle of self-determination for these people, by peaceful means and within the spirit of the United Nations Charter, in particular of Article 11, one of the most generous portions of that international instrument. We know that colonialism is coming to its end. We must take care that this evolution is not made at the cost of heavy sacrifices. Working on this principle, we will be contributing to the alleviation of international tensions and reducing the probabilities of a conflagration that would have unforseeable consequences.

We will continue in our support of the United Nations, that indispensable organization for the maintenance of peace, economic and social development of peoples, the rule of law in international relations and the cultural progress of humanity. The deficiencies imputed to it do not justify any other attitude. Especially since those deficiencies originate, to a great degree, from the alignment, in opposite camps, of those powers on whom the Charter of San Francisco imposed primary responsibility for the maintenance of peace.

Finally, we say that our foreign policy is based on strict respect for the Federal Constitution, on our current treaties and agreements, on the manifestation of public opinion, dictated by the Christian principles which from our nationality. What the Brazilian Government wishes for its people, it also wishes for all others.

One word sums up our orientation: independence. Our foreign policy is above all independent. We have international obligations,

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freely assumed. We will be intransigent in their fulfillment, without abdicating our sovereign liberty of action."

GORDON

HWeiner:jw
3-16-62

PRaine

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FOREIGN SERVICE DESPATCH

FROM : Amembassy BRASILIA Office

818
NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

April 17, 1962
DATE

APR 19 1962

REF :

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DEPARTMENT OF STATE
BUREAU OF
AMERICAN AFFAIRS

APR 23 1962

SUBJECT: THE SECOND CONGRESS OF LEGISLATIVE ASSEMBLIES

file EST/B
4-26-62

Enclosed is a copy of the resolutions approved by the Second Congress of Legislative Assemblies, which took place in Porto Alegre, from October 24 to 30.[1]

It will be recalled that the First Congress was significant for the radical nationalist stance which it assumed on many issues --a stance which was soon to become a commonplace in Brazilian politics. The mood of the Second Congress, at least insofar as it was revealed in the resolutions finally adopted by the conclave, would seem to indicate a clear reversal of this free-wheeling radicalism. As might be expected, of course, the bulk of the resolutions deal with special appeals of regional interest (such as the demand for creation of a cement industry in Alagoas or the two Santa Catarina demands for greater coal consumption). Too, the Congress, in discussing the problems of the acutely under-developed Northeast could apparently agree only to condemn the proposed mass movement of population out of such relatively over-

1 The Congress, it will be noted, was held last year but the Embassy has only recently been able--and this due to the diligent efforts of Consulate Porto Alegre--to get hold of the resolutions.

HAQuinn:jw
REPORTER

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FORM 6-61 FS-439

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NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

U.S. GOVERNMENT PRINTING OFFICE: 1961 O - 612216(17)

0403

populated states as Pernambuco.[2] The resolutions dealing with the politically-explosive issues of agrarian reform (resolutions 6, 18 and 25), however, are interesting in the restraint they display. Thus, while the state deputies call on the national congress immediately to enact a National Agrarian Statute to establish national guidelines for the solution of the agrarian problem, they equally recognize the necessity of resolving the question "within /the framework of/ democratic principles and constitutional norms, particularly with regard to . . . expropriation." The same undercurrent of restraint is evident in the Congress' treatment of other issues and problems (though, understandably, the state deputies to allow their enthusiasm for legislative supremacy to get the better of them--as, for example, in their enthusiastic endorsement of the institutions of impeachment and legislative investigating committees--upon several occasions).

All this is not to say that the Congress was a purely conservative gathering. To the contrary, Rio Grande do Sul Governor (and pro-Communist firebrand) Leonel Brizzola opened the Congress with ringing ultra-nationalist declaration of anti-U.S. faith. Nor was Brizzola without supporters among the delegates inasmuch as about 100 of them were reported to have gone on record as supporting the "Declaration of Goiania" (which, it will be recalled, was the document which proclaimed the formation of the far-Leftist National Liberation Front). As reported at the time both by Consulate Porto Alegre and the Embassy (Embdesp 391 of November 9, 1961, Weeka 45), a group of delegates led by São Paulo Assembly President Abreu Sodré vigorously opposed Brizzola and his claque. The final resolutions adopted by the Congress thus make clear that it was Sodré and the moderates, not Brizzola, who triumphed. And considering the probability that many of the delegates will, in the normal pattern of Brazilian

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2 This resolution (No. 10) is particularly significant inasmuch as it is authored by the Pernambuco delegation and specifically condems the SUDENE scheme for moving people into Maranhão, thus supporting the Embassy's previous contention (Airgram A- 439) that the hue-and-cry re "depopulation" (which is currently being raised by SUDENE officials against the Bohan report's recommendation that the Northeast's excess population be resettled in Goiás and Mato Grosso) of the Northeast, is a basically political phenomenon, motivated by local politicos (in the one case those of Pernambuco, in the other, those of the Northeast) who are fearful of loosing constituents and, therefore, influence.

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politics, move up from the state to the national legislature in this year's congressional elections, this outcome is not without a certain encouraging significance.

For the Ambassador:

Harry A. Quinn
Second Secretary of Embassy

APPROVED:

Philip Raine
Counselor of Embassy
for Political Affairs

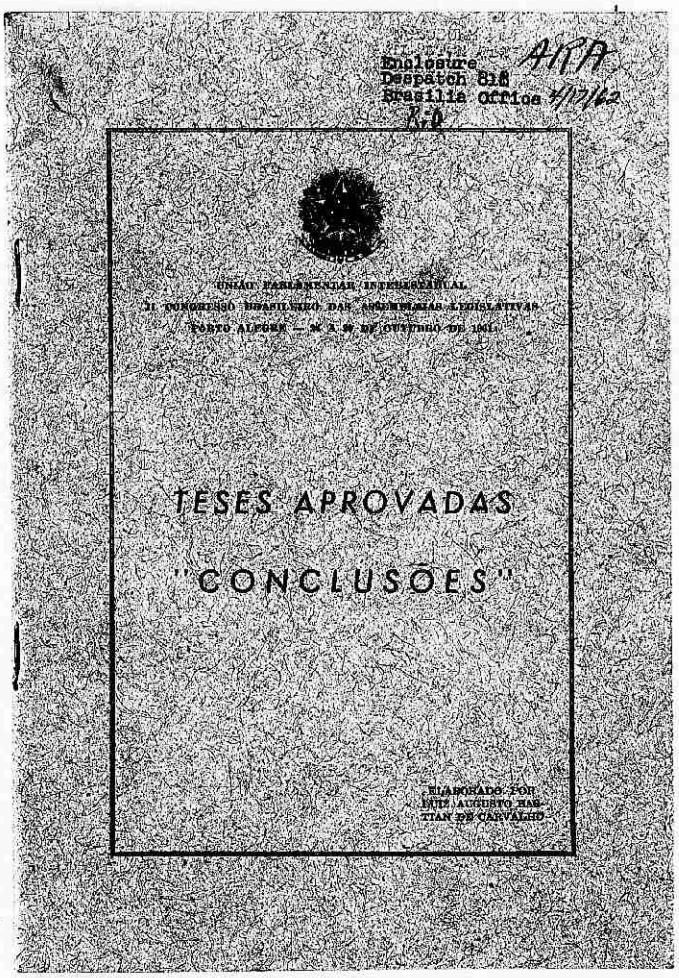
Enclosure: atch 1

Copy of the Resolutions Approved by the Second Congress of Legislative Assemblies (Porto Alegre 10/24 - 10/30)

DISTRIBUTION: All consulates in Brazil, Service Attaches, USIS, Econ (2), Pol II, Labor, Pol Rio (5), CF (3), Pol Brasilia.

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Enclosure AIRA
Despatch 818
Brasilia Office 4/17/62
R-D



UNIÃO PARLAMENTAR INTERESTADUAL

II CONGRESSO BRASILEIRO DAS ASSEMBLÉIAS LEGISLATIVAS

PORTO ALEGRE — 16 A 26 DE OUTUBRO DE 1961

TESES APROVADAS

"CONCLUSÕES"

ELABORADO POR
LUIZ AUGUSTO RAS-
TIAN PD CARVALHO

0406

TESE N.º 1

Autor — Grupo Parlamentar de Alagoas

Ementa — Para uma nova Alagoas, uma nova indústria.

COMISSÃO DE ASSUNTOS ECONÔMICOS E FINANCEIROS

P A R E C E R

Relatar uma tese que visa a implantação de uma nova indústria, particularmente quando se a pretende situar no nordeste, é tarefa que toca a sensibilidade de todo o brasileiro.

O nosso País ainda é torulado de subdesenvolvido, e a maneira de arrancá-lo dessa condição humilhante é propiciar-lhe os meios de industrializá-lo.

E' exatamente o que pretendem os nobres Deputados das Alagoas. Aquele Estado possui matéria prima de primeira ordem, classificada mesmo como uma das melhores do País e, para coroar a justa pretensão, sobra potencial elétrico barato. Lá está Paulo Affonso, através da CHESF, solicitando demandas a todo o nordeste.

O binômio matéria prima calcárea e energia elétrica constituirá o fator preponderante e indispensável ao desenvolvimento industrial da região.

E não se diga que seria uma experiência de resultados duvidosos a envolver aplicação de grandes capitais. Absolutamente, apenas os Estados de Pernambuco e Paraíba, no nordeste, possuem fábricas de cimento: POTY, NASSAU e ZEBU, esta última na Paraíba, com produção diária de 10 mil sacos de 50 quilos e, ainda assim não atende às necessidades dêsse Estado.

O nordeste ainda comportaria várias fábricas de cimento que viriam contribuir para o progresso material, social e econômico da região mais esquecida do País.

Pelo exposto, somos pela aprovação da tese: PARA UMA NOVA ALAGOAS, UMA NOVA INDÚSTRIA: CIMENTO.

Aconselharíamos, mesmo, prioridade para a construção da fábrica, tendo em vista que a SUDENE possui recursos financeiros suficientes ao atendimento do que pleiteiam os nobres representantes da terra dos marechais.

E' êsse o nosso parecer, salvo melhor juízo.

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T E S E N.º 2

Autor — Dep. Mário Guimarães
Alagoas.

Ementa — Revisão das prerrogativas parlamentares.

CONCLUSÕES

I — Recomendar o maior rigor na observância dos dispositivos constitucionais quanto à época do exame e fixação dos subsídios dos Deputados às Assembléias Legislativas.

II — Considerar como contrários aos preceitos da Carta Magna, de 18 de setembro, a criação de quaisquer estipêndios em benefício dos Senhores Deputados, além dos subsídios e da ajuda de custo previstos no artigo 47 da Constituição Federal.

III — Considerar que as imunidades parlamentares devem atingir apenas os casos em que haja relação de causa e efeito entre as manifestações do parlamentar por suas opiniões,, palavras e voto e o delito praticado na conformidade do artigo 44 da Constituição Federal.

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TESE N.º 4

Autor — Dep. J. F. de Sá Telles — Bahia.

Ementa — O Legislativo e a política de educação rural.

CONCLUSÕES

I — As numerosas regentes não diplomadas que uma situação de emergência tem trazido à regência das escolas elementares deverão receber em cursos sucessivos um preparo básico para o melhor desempenho de suas funções docentes e integração no trabalho de expansão das atividades escolares e de serviço da comunidade.

II — Para complementação e reforço da vida escolar, deverão ser devidamente habilitados e treinados, jovens auxiliares sociais rurais, bem como mestres artesanais que propiciarão a colaboração esclarecida da comunidade com a escola.

III — Para justar o ensino municipal num sistema, deverão se preparar orientadores que dirigirão a execução do plano educacional em cada comuna e complementarão a formação profissional das regentes, em curso de férias.

IV — Enquanto se acode, de tal forma, à situação de emergência, a Escola Normal Rural cuidará das necessidades de aprimoramento na formação do magistério, através dos seus diversos cursos, de modo a disporem o Estado e o Município, de altos padrões educacionais.

V — As Superintendências, Diretorias ou Serviços Técnicos de Educação Rural deverão ser criadas nas Secretarias de Educação como órgãos catalizadores do sistema, e mantenedores da execução harmônica do presente plano, no conjunto da política educacional em geral.

VI — Será intensificada a política de mútua colaboração entre o Estado, a União e os Municípios e instituições particulares de personalidade jurídica, através de acôrdos, convênios e termos de delegação que estabeleçam compromissos de reciprocidade de serviço em favor da educação

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T E S E N.º 8

Autor — Grupo Parlamentar do Ceará.

Ementa — Casos de inelegibilidade perante a Constituição Federal.

CONCLUSÕES

... Assim é de se se aprovar, como providência moralizadora, salvo melhor juízo das autoridades competentes, uma proposta a ser encaminhada ao Congresso Nacional, no sentido de se modificar, ainda para alcançar o próximo pleito de 1962, o têxto das alíneas III e IV do art. 139 da Constituição Federal, de 18 de setembro de 1946, dando-se-lhes as seguintes redações:

III — Para Prefeito, o que houver exercido o cargo por qualquer tempo no período imediatamente anterior ainda que noutro município, e bem assim o que lhe tenha sucedido ou, dentro de seis meses anteriores ao pleito o haja substituído; e igualmente, pelo mesmo prazo, as autoridades policiais com jurisdição no município.

IV — Para a Câmara de Deputados e o Senado Federal, as autoridades mencionadas em os números I e II, até três meses depois de cessadas definitivamente as funções, em qualquer unidade da Federação.

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TESE N.º 6

Autor — Dep. Francisco Schwarz

Ementa — Considerações e diretrizes a serem seguidas na execução da política agrária.

TESE N.º 18

Autor — Grupo Parlamentar de Santa Catarina.

Ementa — Reforma agrária.

TESE N.º 25

Autor — Dep. João Valério Amazonas.

Ementa — O novo Estatuto da terra e as peculiaridades agrárias da Amazônia.

COMISSÃO DE ASSUNTOS POLITICOS E SOCIAIS

CONCLUSÕES

Relator Geral: — Deputado Ariosto Jaeger — R. G. Sul.

O II Congresso Brasileiro das Assembléias Legislativas, ora reunido na cidade de Pôrto Alegre, manifesta ao Povo Brasileiro, aos seus Representantes no Congresso Nacional, que os Deputados Estaduais do Brasil, ENTENDEM E RECONHECEM:

I — A existência no Brasil de um problema agrário, cujas proporções e características, embora variem de região a região ou de Estado a Estado, não o eliminam de nenhuma parcela do território nacional;

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II — A necessidade da votação urgente e sem protelações de um Estatuto Agrário Nacional a ser votado pelo Congresso Nacional, que fixe como norma imperativa a revisão agrária em todo o País, que estabeleça normas gerais que determine a participação do Govêrno da União na solução do problema, especialmente no que lhe compete, nos têrmos da Constituição e de sua competência administrativa, bem como a obrigatória contribuição financeira que deve prestar para a solução do problema agrário.

III — Entendem mesmo ser indispensável que o Estatuto Agrário Nacional, reserva aos Estados Membros, atendidas as peculiaridades de seus territórios ou das regiões geo-econômicas a que pertencem, a competência para legislarem supletivamente sôbre a matéria.

IV — Que a solução do problema Agrário Nacional, pode e deve ser encontrada dentro dos princípios democráticos e das normas constitucionais, muito especialmente no que diz respeito à propriedade da terra e ao funcionamento do instituto da desapropriação. Decorre tal convicção do fato de já consagrar o têxto da Constituição Brasileira de 18 de setembro de 1946, expressamente em seu artigo 141 — § 16 — que a garantia do direito de propriedade está condicionado ao interêsse social, à utilidade e à necessidade pública e protegida na sua legitimidade pelo instituto de desapropriação.

Que tal convicção e tal esperança, importa em admitir também a revisão de conceitos superados, sempre, porém, procedida através de modificações na legislação nacional e, se necessário, no próprio têxto constitucional, sem que tais modificações violem a tradição de liberdade e democracia de nosso povo.

T E S E N.º 8

Autor — Dep. Murilo Badaró
Minas Gerais.

Ementa — Discriminação de rendas.

CONCLUSÕES

Graves e ponderáveis são os argumentos prós e contras o atual sistema de discriminação de rendas. Por isto mesmo, o problema não comporta soluções emocionais ou ditadas por interêsses outros que não o da técnica e do desejo de desenvolvimento do País. Pela exposição que acaba de ser feita, comprova-se que existe uma ação unânime no sentido de que seja feita nova discriminação de rendas públicas, atribuindo-se, principalmente aos municípios, maiores somas de recursos. A simples transferência de tributos ou de encargos, longe de apresentarem boas perspectivas para solução do problema, tendem a agravá-lo. Concentrando em suas mãos grande soma de poder econômico, o Govêrno Federal atua como fôrça corretiva do desiquilíbrio inter-regional. A solução proposta no projeto do deputado Osmar Cunha parece consultar melhor aos interêsses da União e dos Municípios. Deve-se banir para sempre do espírito dos nossos legisladores o receio de que os municípios possam malbaratar os recursos financeiros que forem entregues. Se existe má aplicação, isto reflete antes uma penúria financeira que não deve continuar, sob pena de se cair no círculo vicioso de não se entregar aos municípios maiores recursos sob receio de que sejam mal empregados; carente de recursos, jamais o município terá os elementos técnicos que possibilitem a aplicação adequada dos recursos que se lhes quer atribuir.

Por outro lado deve-se impedir a proliferação dos municípios, sem que tenham as condições mínimas para a vida autônoma. Sendo êste assunto da competência das Assembléias Legislativas Estaduais, ora reunidas em Congresso, seria oportuno o exame da necessidade da fixação de normas mais rígidas para o desmembramento dos municípios. O problema está posto ao exame lúcido dos homens públicos brasileiros. Ao redigir estas considerações, acabamos de ler nos jornais a notícia de que foi aprovado pela Câmara Federal o projeto do Deputado Osmar Cunha. Façamos votos para que sua tramitação no Senado seja feita com a urgência que o desenvolvimento nacional requer.

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TESE N.º 9

Autor — Dep. Joseil Pereira
Paraíba

Ementa — O Estado membro pode fiscalizar a administração financeira do município. O Estado membro tem competência para instituir o «impeachment».

COMISSÃO DE ASSUNTOS CONSTITUCIONAIS E LEGISLATIVOS

P A R E C E R

Não comporta dúvidas que a determinação dos assuntos de peculiar interêsse dos municípios ficou ao inteiro arbítrio dos Estados-Membros que passaram a ser os intérpretes da autonomia municipal, dentro dos princípios consagrados na Constituição de 1946.

CASTRO NEVES sustenta que a autonomia municipal se reduz a uma autonomia administrativa para os assuntos estritamente locais.

Segundo o festejado jurista «as municipalidades são corporações puramente administrativas, porque lhes falta o poder legiferante: as leis são do Estado e a elas está subordinado o município como qualquer pessoa de direito comum. Sendo, porém, corporações instituídas para fins de govêrno, reconhece-lhes a lei o poder de expedir ordenações ou regulamentos locais — power to enact by law» — (in Estado Federado e sua organização municipal).

Diz o artigo 18 da Lei Magna:

Cada Estado se regerá pela Constituição e pelas Leis que adotar, observados os princípios estabelecidos nesta Constituição.»

São reservados aos Estados Membros os poderes que explícita ou implicitamente lhes não sejam vedados.

Daí resulta que os Estados a Lei Maior atribuiu competência para regular a Municipalidade, condicionando apenas a que não se exorbitem dos pressupostos da autonomia enumerados no seu artigo n.º 28.

A administração financeira do município não envolve interêsse apenas local. A aplicação dos dinheiros do povo é de interêsse público geral. Portanto, ultrapassar o âmbito dos limites locais para se projetar na esfera das atribuições do próprio Estado onde se acha inserida a corporação municipal. Embora não tenha a Constituição Federal definido a expressão «peculiar interêsse», não se justifica que se procure estabelecer controvérsia nem ensejar dificuldades à fixação do seu exato conceito.

Portanto, é indiscutível a competência do Estado para fiscalizar a administração financeira do município.

— Quanto à lei do «impeachment», a tese peca pela omissão à recente Lei n.º 3.528, de 3 de janeiro de 1959, que aplica aos Prefeitos Municipais as disposições da Lei n.º 1.079, de 10 de abril de 1950, e que define os crimes de responsabilidade e regula o respectivo processo de julgamento.

A Suprema Côrte já decidiu que embora seja da competência federal legislar sôbre o direito substantivo e objetivo, sôbre o crime e sôbre a pena, pode o constituinte estadual instituir e regulamentar o «impeachment», desde que se detenha nos princípios da Carta Magna.

O «impeachment», segundo o insigne jurisconsulto Pontes de Miranda, é «medida que tem por fim obstar, impedir que pessoa investida da função pública continue a exercê-la».

Tanto a Lei 1.079, de 10 de abril de 1950, como a de n.º 3.528, de 3 de janeiro de 1959, definem os crimes de responsabilidade.

O último dêsses diplomas legais, enumera 26 espécies dessa figura delitual e estabelece como pena a perda do cargo com inabilitação até 5 anos para o exercício de qualquer função

Em seu artigo 3.º preceitua que os prefeitos serão processados e julgados nos crimes de responsabilidade pelo modo previsto na Constituição e nas leis estaduais.

Proclama ainda o mesmo diploma que nos Estados onde as Constituições ou as leis orgânicas não determinarem o processo nos crimes de responsabilidade dos Prefeitos, observar-se-ão, para os respectivos atos, no que lhes fôr aplicável e enquanto perdurar a omissão do legislador competente, as normas estabelecidas na Lei n.º 1.079, de 10 de abril de 1950.

Ainda a referida lei preceitua que se não dispuser de outra forma a legislação estadual, o julgamento incumbirá à CÂMARA DE VEREADORES que só poderá proferir sentença condenatória pelo voto de 2/3 dos seus membros e da sentença caberá recurso de ofício para a Assembléia Legislativa.

Ante o exposto, nenhuma dúvida pode levantar-se entre a competência dos Estados-Membros para instituir e regulamentar o «impeachment» não só dos Prefeitos, bem como dos seus respectivos Governadores e Secretários de Estado.

O reconhecimento expresso dessa prerrogativa acha-se proclamado pelos diplomas legais acima referidos e ratificado por inúmeros acórdãos do Supremo Tribunal Federal.

Assim, devem os legisladores estaduais escolher como melhor lhes parecer, o modêlo para elaboração de suas próprias leis que regulem o «impeachment».

Concluindo, somos favoráveis à aprovação da Tese que se recomende às Assembléias Legislativas que ainda não tenham instituído o «impeachment» que o façam, introduzindo-o nos textos constitucionais ou através de lei especial, incorporando também em seus regimentos internos os dispositivos necessários à tramitação dos processos para apuração e punição dos crimes de responsabilidade cometidos pelos agentes do Estado que exercem funções políticas.

0415

TESE N.º 10

Autor — Dep. Luiz Wilson
Pernambuco

Ementa — A SUDENE e o Nordeste.

CONCLUSÕES

O II Congresso Brasileiro das Assembléias Legislativas manifesta-se, veementemente, contra a oficialização da retirada dos nordestinos para certas regiões do Maranhão e talvez de Goiás e do Amazonas, e que, respeitadas as necessidades técnicas, procure-se, com o máximo empenho, fixar os retirantes na própria região em que estão domiciliados.

T E S E N.º 11

Autor — Dep. Sérgio Murillo
Pernambuco

Ementa — Fortalecimento do Estado Democrático.

CONCLUSÕES

O uso salutar do remédio constitucional poderá corrigir os erros administrativos e conduzir o Legislativo à elaboração de normas capazes de fortalecer o Estado Democrático, através do disciplinamento legal das atividades sócio-econômicas da comunidade.

Como instrumento de relevante importância para projeção do Poder Legislativo, o instituto das Comissões Parlamentares de Inquérito, como técnica democrática, poderá propiciar o contrôle da infra estrutura econômica e conduzir ao aperfeiçoamento do sistema, contribuindo decisivamente para que se operem, no Brasil, as reformas sociais indispensáveis à própria sobrevivência do Estado Democrático.

0417

TESE N.º 12

Autor — Dep. Paulo Queiroz
Pernambuco

Ementa — Sugestões para reformulação da distribuição das rendas públicas, com base no artigo 217, parágrafo 1.º, da Constituição Federal.

CONCLUSÕES

Deve-se estabelecer, nas Leis de Organização Municipal e, se necessário, nas próprias Constituições Estaduais, um contrôle eficiente na fiscalização e na aplicação dos recursos auferidos pelos Municípios, sem lhes atingir os princípios de autonomia, mas não oferecendo margem para os abusos cometidos por alguns Prefeitos Municipais e Câmaras de Vereadores, mancomunados nos interêsses pessoais, com aplicação irregular das verbas. Tais ocorrências são em proporções que exigem um imediato corretivo legal.

Com a adoção das medidas preconizadas nessas observações, teríamos obtido para os Municípios uma participação mais expressiva nas rendas públicas, ao mesmo tempo que aos Estados se lhes asseguravam as condições atuais, pois em quase nada seriam atingidos, enquanto à União se cobrava em pouco do muito que detém em suas mãos.

Esperando que à Comissão que for destinado êsse trabalho, mereça um exame mais detalhado e completo, é o que nos ocorre oferecer, como modestíssima contribuição aos trabalhos do Congresso das Assembléias Legislativas Estaduais, na qualidade de um dos integrantes da delegação pernambucana.

TESE N.º 12

Autor — Dep. Paulo Brossard
Rio Grande do Sul

Ementa — O sistema parlamentar e sua adoção nos Estados.

CONCLUSÕES

I — Os Estados que, nos têrmos do Ato Adicional, terão de adaptar suas Constituições ao sistema parlamentar de govêrno, no prazo que a lei fixar, ou espontâneamente antes que a lei os obrigue — o que, no caso, é indiferente — os Estados não devem ter a preocupação de copiar servilmente o modêlo federal nem de fazer constituições iguais umas às outras.

II — Fiéis às linhas fundamentais do sistema parlamentar, perfeitamente caracterizado pela doutrina universal e pela experiência de muitas nações em todos os continentes e latitudes, em monarquias e repúblicas, em Estados unitários e federativos, devem os Estados-Membros tentar experiências próprias, fugindo quanto possível do excesso de regulamentação, de molde a permitir o livre jôgo das fôrças políticas e sociais de cada uma das provincias, que em tanto e tão significativamente diferem entre si.

III — Fazer vinte e duas Constituições mais ou menos iguais, senão iguais umas às outras, com a monotonia que caracteriza as atuais Cartas, é quase um convite a que a União elabore uma «lei orgânica dos Estados» a disciplinar a vida política de cada um dêles uniformemente.

IV — A pluralidade na unidade, somando experiências e tentando soluções adequadas, dentro das linhas fundamentais e dos postulados básicos do sistema parlamentar de govêrno, tal deve ser a meta dos Estados-Membros da Federação brasileira, que, convém ser já lembrado, deixaram de ser provincias de um Estado unitário e gozam de todos os poderes que explícita ou implicitamente não foram outorgados à União Federal.

V — As Assembléias Legislativas Estaduais devem adotar, imediatamente, o sistema parlamentar de govêrno (aditivo da Comissão de Assuntos Constitucionais e Legislativos).

0419

TESE N.º 14

Autor — Dep. Siegfried Heuser
Rio Grande do Sul

Ementa — Desenvolvimento Econômico Racional.

CONCLUSÕES

I — Divisão do País em regiões geo-econômicas, para formulação de planos específicos do incentivo ao desenvolvimento econômico, tanto no setor primário como no secundário. Tal critério permitiria à União uma distribuição mais racional e equitativa de suas inversões financeiras, ao mesmo tempo em que criaria condições para a intensificação do sistema de trocas inter-regionais.

II — Criação de condições para que a poupança regional não emigre.

III — Implantação de medidas protecionistas que visem não só a localização de indústrias de bens de produção como também importem na defesa das economias regionais. Em outras palavras, faz-se necessária a criação de «Centros Dinâmicos» das regiões geo-econômicas.

Para atingir tais objetivos, devem ser adotadas duas medidas fundamentais:

a) criação e instalação de órgãos de planejamento regional;

b) a instituição de bancos de investimento regional.

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TESE N.º 15

Autor — Dep. Adalmiro Moura
Rio Grande do Sul
Ementa — Mercado comum latino-americano e integração econômica nacional.

CONCLUSÕES

I — Participando de uma Associação Internacional, que procura atingir o desenvolvimento pela integração econômica de sete Estados latino-americanos, parece claro que o Brasil precisa integrar a sua própria economia.

II — O Brasil só poderá ser útil ao progresso continental e só se beneficiará, beneficiando aos demais integrantes da Zona de Livre Comércio, se realizar a sua integração econômica de maneira completa e adequada.

III — A desarmonia do crescimento brasileiro prejudica o conjunto e tende a se transformar em instrumento de insegurança econômica e intranquilidade social.

IV — O caminho da integração econômica do Brasil é o estabelecimento de uma programação de atividade pública e privada, capaz de conjugar, em cada região sócio-econômica, todos os fatores naturais, políticos e técnicos, que conduzam ao pleno e racional aproveitamento da riqueza, para a VALORIZAÇÃO do HOMEM.

V — A base de qualquer planejamento econômico brasileiro é o desenvolvimento agro-pecuário.

VI — E desde que se reconheça esta realidade, é imperioso que se estruture uma reforma agrária.

VII — O sistema constitucional vigente institui e protege a propriedade privada. Desde que a terra, porém, como todos os bens, deve ter uma função social, não há motivo para se tolerar a propriedade rural improdutiva.

VIII — Por outro lado, a terra em produção deve ser atendida pelo Poder Público, como riqueza social, possibilitando o seu aproveitamento de forma racional e de modo a se obter o máximo de produtividade.

IX — Só o incremento da produção rural pode lastrear os contínuos fluxos de moeda emitida, para financiar o desenvolvimento econômico.

X — A produção rural deve ser organizada com base nas necessidades alimentares do povo e no suprimento adequado de matérias-primas industriais.

XI — Por conseguinte, sendo a terra e a sua produção fontes de subsistência do homem e do sistema econômico, impõe-se a revisão fiscal, isentando-se de tributação a fonte e os frutos da riqueza social primária, mas transações pelo produtor.

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XII — A base do progresso, para o Brasil, é a industrialização do produto rural, tanto quanto possível na região produtora. Assim se robustece o mercado interno, valorizando o trabalho e aumentando o poder aquisitivo das populações.

XIII — Paralelamente e de modo harmônico, o fortalecimento da infra-estrutura proporcionará condições de expansão e de implantação de novos empreendimentos industriais de base, que reforçarão a estabilidade econômica, determinando o progresso.

XIV — A integração econômica nacional será o resultado político de um planejamento federal, que se fundamente no fato de que o desenvolvimento econômico não é apenas a organização de uma super-estrutura industrial, senão também que é a formação de um mercado interno sólido, resultante de uma produção primária, técnica e socialmente estabelecida.

XV — A reforma agrária não pode ser implantada, porém, somente para dar utilização social à terra improdutiva, mas precisa estar amparada:

1.º — pela reforma bancária, que especialize e torne acessível e adequado o crédito ao produtor;
2.º — pela reforma educacional que conduza à maior formação de mão-de-obra profissional;
3.º — pela reforma administrativa, que possibilite real assistência técnica e proporcione condições compatíveis com os anseios sociais de homem, dedicado à vida rural.

XVI — A integração econômica nacional, partindo da reforma agrária, genericamente exposta, deverá proporcionar o progresso:

1.º — pelo aproveitamento integral e técnico dos recursos agrícolas e industriais de cada região sócio-econômica, segundo as possibilidades naturais de cada uma;
2.º — pelo estabelecimento de uma política fiscal que corrija os desníveis de riqueza regional, na proporção de sua persistência;
3.º — pela implantação de uma política financeira que estabiliza os custos de produção;
4.º — pela reforma cambial que dê segurança aos empreendimentos de vulto, públicos e privados, dependentes da moedas estrangeiras;
5.º — pela formulação de uma política comercial externa que dê amplitude à exportação do Brasil — inclusive para os países não participantes da zona — com crescente volume de produtos industriais ou semi-industrializados, que venha a complementar as obrigações nacionais assumidas com a aprovação do Tratado que estabeleceu a Zona de Livre Comércio Latino-Americana;
6.º — pela realização de investimentos federais de base, que corrijam as desarmonias de crescimento econômico, entre as várias regiões do País, de modo a gerar novas oportunidades de progresso às respectivas populações.

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TESE N.º 18

Autor — Grupo Parlamentar de Santa Catarina.

Ementa — A política do preço do carvão vapor.

CONCLUSÕES

Deve-se optar entre dar o maior aproveitamento possível ao carvão vapor, para que não se acumule ao tempo, e para que as minas não cessem de produzir sempre mais, ou poder-se-á ficar na contingência de ter de importar, também, além do óleo Diesel para as locomotivas, o carvão que resultará em coque para a siderurgia.

É útil produzir um quilovate mais barato, para possibilitar o incremento no uso da energia elétrica, que é um fator de desenvolvimento econômico, mesmo à custa de insignificante acréscimo no preço do aço, resultante do aumento do preço do carvão metalúrgico.

Aprovado o critério defendido pela tese, o custo do quilovate-hora se reduziria em 52 centavos, enquanto que o custo médio do ferro produzido, com o acréscimo citado, resultaria em um aumento de 44 centavos por quilo.

Com o progressivo decréscimo do mercado ferroviário para o carvão vapor, é preciso desde já dar condições para um aproveitamento mais amplo dêste produto na produção de energia elétrica térmica, reconhecidamente muito mais cara do que aquela produzida em usina hidro-elétrica.

Nota — As conclusões acima foram tiradas do parecer da Comissão de ASSUNTOS ECONÔMICOS E FINANCEIROS.

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T E S E N.º 17

Autor — Grupo Parlamentar de Santa Catarina.

Ementa — Da necessidade de uma participação mais efetiva do legislativo nos problemas da administração.

CONCLUSÕES

É recomendada uma participação mais efetiva dos legislativos na administração pública. Nas Câmaras de Vereadores, nas Assembléias Legislativas, no Congresso Nacional, está representada a totalidade do povo brasileiro. O Legislativo é uma síntese das aspirações populares. Um manual de problemas e de soluções.

Já se nota o empenho do Presidente da República em fazer o Congresso Nacional representado nas reuniões internacionais.

Resta que o faça nas reuniões internas. E que também os Governadores de Estado compreendam a importância desta medida e a ponham em execução.

Esta a recomendação que pedimos seja feita por esta segunda conferência das Assembléias Legislativas do Brasil.

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T E S E N.º 19

Autor — Grupo Parlamentar de Santa Catarina

Ementa — Desenvolvimento Regional harmônico.

CONCLUSÕES

O processo de desenvolvimento harmônico é uma verdade irrefutável, sua validade é proveniente principalmente do fracasso da tese oposta. A existência de desequilíbrios regionais na economia brasileira, assim o demonstra, assim o atesta. Temos que promover o contato das economias regionais e o desenvolvimento equilibrado das diferentes áreas geo-econômicas.

Temos que utilizar a técnica de planejamento integrado e teremos a Federação Política, e Federação Econômica e a Federação Social. O planejamento convergente para executar desenvolvimentos regionais, de modo a eliminar os desníveis e a instituir o progresso homogêneo é o que se impõe. Necessário se torna a criação de oportunidade de investimentos nas próprias áreas, evocando assim crescentes descapitalizações. Com estas determinações amplas e racionalmente orientadas, estabelecer projetos que permitam relações de trocas ou têrmos de intercâmbio baseados em produtos primários e indústrias de bens de consumo, e as economias providas das grandes industrializações. Assim teremos patrioticamente as Federações de Economia Regionais que, integradas, formarão a Economia Nacional.

Aos Estadistas compete a provocação do fenômeno, aos técnicos, a escolha dos meios e as medidas para atingi-lo.

As Assembléias Legislativas dos Estados de Santa Catarina, Paraná e Rio Grande do Sul, em face ao fenômeno amplamente caracterizado, sensibilizadas apoiariam os órgãos de planejamento que estão sendo estruturados, do Banco Regional do Desenvolvimento (BRDE) e o Conselho de Desenvolvimento do Extremo Sul (CODESUL).

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T E S E N.º 20

Autor — Grupo Parlamentar de Santa Catarina

Ementa — Não remuneração pública? Durante 10 anos, aplicado na construção de empreendimentos energéticos pioneiros.

CONCLUSÕES

Tendo em vista a expressão social ao empreendimento germinativo na economia regional, para um esfôrço de desenvolvimento integrado, provemos a não remuneração do capital público durante 10 anos, a partir da operação do sistema SOTELCA, na incidência do custo do kwh vendido.

Consubstanciamos esta Tese, socialmente, pois que a economia do Estado de Santa Catarina é fraca, pela falta de inversões de capital para o aproveitamento racional dos fatores de produção disponíveis e que o elevado custo da geração de energia poderá agravar. Desta forma, poderá Santa Catarina concorrer imediatamente no incremento do produto nacional.

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TÊSE N.º 22

Autor — Dep. Hélio de Barros Nunes Estado do Rio.

Ementa — A pesca, explorada racionalmente, deverá ser uma fonte inesgotável de abundante e sadia alimentação, rica em proteínas e sais minerais, e de divisas para o Tesouro Nacional.

CONCLUSÕES

São propostas as seguintes medidas, para a exploração racional da pesca:

1.º — Instituição de um Fundo de Pesca, integrado por parcelas dos Fundos Portuário e da Marinha Mercante, e de uma taxa especial, criada pelo Govêrno, que incida sôbre o pescado e sôbre os seus produtos e sub-produtos;

2.º — Instalação de carreiras especialistas, nas diferentes regiões de pesca, para construção das nossas futuras embarcações de pesca, de acôrdo com os projetos que vierem a ser elaborados pelo CODEP;

3.º — Obtenção, pelo CODEP, de autorizações do Govêrno, para que os nossos industriais, dos parques referidos neste trabalho, possam contratar embarcações de pesca, em países estrangeiros, destinadas ao aumento da produção de matéria-prima, indispensável a um trabalho permanente, produtivo e econômico, em suas fábricas;

4.º — A concessão de empréstimos aos pescadores, aos armadores de pesca e aos industriais do pescado, com os recursos do Fundo de Pesca, em face de planos, apresentados ao CODEP, pelos interessados;

5.º — A organização, através de empresas brasileiras, com aprovação do CODEP, de mais uma base de pesca de baleia, no Sul do País, a fim de chegarmos a capturar, pelo menos, 3.000 baleias anualmente, para satisfação das nossas necessidades internas e de exportação de produtos e sub-produtos de cetáceos;

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6.º — Instalação, com o beneplácito do govêrno, por emprêsa brasileira, de 3 bases de pesca de camarão, sendo uma no Norte (Belém do Pará); outra no Centro (Estado do Rio) e uma terceira no Sul (em Santa Catarina, Paraná ou Rio Grande do Sul), tôdas elas visando a exploração dos nossos campos de pesca de camarão que existem no alto mar, frente às baías, enseadas e lagoas.

7.º — Exploração, por empresas brasileiras, da nossa grande riqueza que é a pesca do Atum, com a instalação de uma base em Belém do Pará, de outra em Natal, no Rio Grande do Norte, facilitando-se, desde logo, as iniciativas da INBRAPE S. A. em Recife e da TAYIO S.A., em Santos, as quais são as pioneiras dessa indústria no País. Essas bases compreenderão armazéns frigoríficos com instalação para pescado congelado, refrigerado, e com «quick-frazer», bem como as fábricas de gêlo e depósito para êsse refrigerante. Cada base dessas, terá que contar com uma frota de atuneiros, tripulados, nos primeiros cinco anos, com 2/3 de estrangeiros e 1/3 de brasileiros, sendo o seu número proporcional à capacidade das instalações das bases terrestres.

8.º — Organização de uma rêde especializada de distribuição do pescado, em todo o País, partindo dos centros de produção para os centros de consumo, compreendendo os elementos já indicados anteriormente;

9.º — Revisão geral da legislação que regula a pesca no País, estudando a possibilidade e conveniência do baixamento de novas Leis que facilitem a inversão de capitais estrangeiros nesse setor, bem como a colaboração de empresas brasileiras exóticas que se dediquem à pesca e indústrias correlatas;

10.º — Organização, finalmente, de grupos especializados, pelo CODEP, MARINHA, SUDENE e SVEA para realização de estudos condizentes com a biologia marinha, oceanografia e biologia da pesca, visando-se o estabelecimento de nossas cartas de pesca.

TESE N.º 24

Autor — Grupo Parlamentar de São Paulo

Ementa — Valorização dos parlamentos através do fortalecimento das comissões permanentes e especiais.

CONCLUSÕES

I — O Congresso Nacional deve estabelecer normas que outorguem às Comissões Permanentes e às Comissões de Inquérito poderes específicos, tais como os definidos na Lei n.º 1.579 e, ao mesmo passo, a competência para punir o que fôr configurado como crime contra o Poder Legislativo;

II — O Congresso Nacional elaborará lei que defina os crimes contra as Assembléias e contra as Câmaras Municipais, outorgando-lhes, outrossim, capacidade para punir;

III — A União Parlamentar elaborará sugestão ao Congresso Nacional, que vise uma perfeita definição dos poderes de contrôle, de fiscalização e de sanção que os revigorem, tanto com relação ao Congresso Nacional, quanto às Assembléias e Câmaras Municipais.

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TESE N.º 26

Autor — Grupo Parlamentar de São Paulo

Ementa — As Assembléias Legislativas e a Unidade Nacional.

CONCLUSÕES

O Estreitamento de relações entre as Assembléias Legislativas, limitado não apenas aos congressos periódicos, seria da maior utilidade, e êsse serviço pode ser prestado pelo Secretário da União Interparlamentar, devidamente aparelhado.

A Constituição da República estatui, no seu artigo 217, § 1.º, que mais da metade das Assembléias Legislativas pode apresentar emendas à Carta Magna. Porque não pleitear que essa faculdade se estenda à apresentação de projctos de lei de interêsse nacional, fortalecidos e valorizados pela autoridade de tão grande número de corpos legislativos regionais, ampliando-se os limites do art. 67 da Constituição Federal?

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TESE N.º 27

Autor — Dep. Israel Pinheiro Filho
Minas Gerais

Ementa — A técnica orçamentária em face dos programas de desenvolvimento.

CONCLUSÕES

1.º — Os objetivos básicos da política econômico-financeira moderna num país como o nosso, exigem que se discrimine no orçamento público a parte referente às despesas correntes (de custeio, de consumo e a parte referente às despesas de investimento — formação do capital, aumento do patrimônio produtivo). Ao mesmo tempo, essa discriminação deve basear-se num programa nacional global que assegure a ampliação do capital, evitando a discriminação improdutiva na aplicação de recursos e permitindo a compatibilidade e a integração dos planos dos diversos órgãos da administração pública e mesmo a compatibilidade com os planos do setor privado, de forma a impedir distorção na aplicação dos recursos;

2.º — Para isso é necessária a modificação, seja através da Reforma Constitucional, seja através de lei ordinária, na sistemática de elaboração, votação e aplicação do orçamento brasileiro, o qual deve vincular-se, tanto quanto possível, a um programa de investimentos para promoção do desenvolvimento econômico; Para consecução dêsses objetivos, a elaboração do orçamento nacional deverá obedecer aos seguintes princípios:

a) Tanto a parte fixa, quanto a parte variável da despesa pública, impostas pela Constituição Federal, (arts. 73 e segs.), subdividir-se-ão em duas outras partes, correspondentes a despesas de custeio e despesas de investimento;

b) As despesas de custeio abrangerão despesas de pessoal permanente, material, serviços e encargos que correspondam a gastos de consumo público definidos em programa;

c) As despesas de investimento deverão corresponder ao Programa Global de Desenvolvimento que integre todos os programas de investimento do setor público (União, Estado, Município, entidades paraestatais, autarquias) aprovado previamente pelo Congresso Nacional, e até mesmo no setor privado;

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d) O programa global de desenvolvimento deverá ser elaborado por uma comissão e congregará igualmente os programas setoriais e regionais elaborados pelo Setor Público, bem assim disporá a respeito da aplicação dos recursos constitucionalmente vinculados a setores ou regiões específicas e a respeito das linhas de crédito para investimentos a cargo do setor privado;

e) O orçamento de custeio será elaborado pelo Executivo através de seus órgãos administrativos;

f) O orçamento de investimento será elaborado pela comissão encarregada do Programa Global de Desenvolvimento, a qual será ajudada por lei, cujos trabalhos, por exemplo, poderão ser entregues à Presidência e Representante do Congresso Nacional, e compor-se-ia de membros delegados da Confederação Nacional do Comércio, da Confederação Nacional das Indústrias, da Confederação Rural Brasileira, do Conselho Nacional de Desenvolvimento Econômico, etc., etc.

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ORIGIN/ACTION 39 ARA-4

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ARMY 5	CIA 10	NAVY 3
OSD 12	USIA 8	NSA 3

DEPARTMENT OF STATE

AIRGRAM

732.21/8-762
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XR 832.00
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A-148 NO. | UNCLASSIFIED | AIR POUCH HANDLING INDICATOR

TO : Secstate WASHINGTON 1962 AUG 10 AM 11 14

RM/AH ANALYSIS & DISTRIBUTION BRANCH

FROM : Amembassy BRASILIA Office DATE: August 7, 1962

SUBJECT : July 9 Speech of Brochado da Rocha

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

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
Second Secretary of Embassy

APPROVED:

Philip Raine
Counselor of Embassy
for Political Affairs

Enclosure: 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), Brasília (5).

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FORM DS-323 4-62

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Drafted by: HWeiner:jw | Contents and Classification Approved by: PRaine

Clearances:

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Enclosure 1
Airgram No. A-148
Brasilia Office

JULY 9 SPEECH OF EROCHADO 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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Long since separated from party politics, I have been examining objectively the most diverse tendencies and have sought to gather the best, in ideas and human values, in the midst of all sectors of political thought. This does not mean, however, that I am a collector, willy-nilly, of contradictory ideas, but rather in a firm philosophical orientation which permits me to see clearly the harmony and unity of the superior role of the human being in his intellectual life and his social relations.

I verify, that Brazil, at these crossroads, draws close to its men, and invites the exchange of ideas.

Our history has no examples of the country coming out of crisis in a weakened position. In each new episode, the more violent the battle, the stronger has the Nation emerged, more experienced and emancipated.

It is with positive and optimistic conviction that I come before the legislative organ of representative democracy.

Gentlemen: Deputies

I speak with sincerity and frankness, binding myself to say what I think, transmitting with clarity, my ideas and sentiments.

That is my primary duty at the moment, to the noble assembly which honors me with its attention, to the people to whom we owe loyalty, and to my own self-respect.

Deputies: Two problems of the highest relevance worry us: one is a political problem, the other a governmental problem.

The first one was solved by Congress, in an unforgettable emergency which provoked a convulsion of such disastrous consequences as to affect the domestic life of the country as well as repercussions in the international field.

To the proposed conciliation of Congress, President João Goulart was responsive, in that, on his part, he gave up a considerable amount of power, as a means of cooperating to overcome that delicate situation.

Congress was responsive in that it did not give a static character to its decision, but made certain dynamic conditions which made permissible the final and definite pronouncements of the people, through free consultation, which maintained for the people the power of decision, in final instances.

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In regard to the political problem, the possibility of the realization of a plebiscite to judge the substitution of the form of government established in the "Ato Adicional", results without a doubt from the text of the document. The most suitable measure would be to now, taking in view the new socio-economic conditions and triumphing over the dangers which threaten constitutional legality, determine the date which is most suitable for the convoking of the people, for its indisputably sovereign pronouncement.

However the political question is not the major one at this moment.

The plebiscite is not an end in itself, only a means, to link the Constitution to the people, which created it.

If there is bestowed on me the right to organize a new Council of Ministers, I hope that Congress, in her wisdom and discernment, will understand the advisability and necessity of planning a plebiscite which would restore to the country its complete democratic perogatives.

I want to stress that it is not my purpose to gather together every extreme or dogmatic viewpoint, because in my experience in public life, I become more and more convinced that these regimes, in developing countries, are only means, mere instruments for the realization and cordination of the collective impulse, the preferred one being that which shows itself most malleable and dynamic, most compatible with the necessity of integrating the various forces, for the swiftness and security of the necessary solutions and for the betterment of representative democracy.

It is possible and desirable that, the plebiscite over, we could, Legislative and Executive, in perfect harmony, devise a parliamentary or presidential government, typically Brazilian in form, which would authentically answer the anxieties of a Nation that advances towards a future and should have, in the organic system of its leaders, means that stimulate and free her and not heavy mechanisms which hold her back or immobilize her. As part of all this, I can hope that the National Congress, organ of public liberties, faithful to the will of the people, will not consider itself either the victor nor the vanquished, regardless of the answer of the plebiscite. Yes or no, one way or the other it must be considered for the good of all with the victory going only to democracy and the Nation.

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In regard to the problem of government, which is the principal one, I want it to be considered in a dual aspect: one being the emergency plan, pertaining to the high cost of living and regulating the supply of food products and the other the plan for structural reforms.

We are not under the illusion that we can offer an immediate and total solution for the grave and immediate national problems, which have challenged the patriotism and decisiveness of governments for many years. We are aware that the Council of Ministers which can be brought into existence by the vote of the Chamber of Deputies will have a limited duration, being irrevocably obliged to resign when the new Congress opens.

We want, however, to assure the nation of our unshakeable intention to identify and combat with all our energies the causes of the impoverishment of the country, so clearly reflected in the life of the people, producing the economic and social disequilibrium that torments and brings anguish to Brazilian society.

The immediate steps, which any responsible Council of Ministers must take, have the character of an act of public salvation.

No matter how moderate our language and how much we try to brighten the prospect, the unrefutable truth is that Brazil today is a nation deprived of social well-being, where hunger stalks many homes, and great numbers of people find themselves enslaved to a humiliating feudal system of labor.

The rural masses demand a new economic structure which will not deny to them the food that they themselves produce.

The national educational effort has succeeded in putting only 50 percent of our youth in schools.

From the demographic aspect, youngsters constitute 52 percent of the population, with this figure increasing each year as the population increases annually by 2 million people, with the highest rate of increase being among the poor classes without employment opportunity, without housing, without health, without credit, without the prospect of overcoming their problems.

Only an emergency effort, which considers frontally and immediately the problems of the masses, will be able to preserve the ethical principles on which Christian civilization rests.

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It is important to note that these masses know the causes of their suffering. As the concept of fatalism decreases, so does their sense of reality increase.

They have grasped, through the culture with which we ourselves have instilled in them, or they have guessed instinctively, that it is their lot to live and suffer in a country in which solutions have been offered only to some people, not to all, where there is a surplus at the top in exactly the amount that is lacking on the bottom.

They know today, in truth, that the world is not one only, and that the law is equal for all only in its formal structure.

They have understood that Brazil is in the underdeveloped area of humanity and that it is their part to live with the negative aspects of social co-existence at the same time that others, of the same land and of the same blood, wallow in the advantages of the privileged. They have perceived that in the internal sector an outmoded agrarian system keeps them from access to the wealth and the utilization of a continent, enslaved to the great unproductive landholdings, public or private. And, in the external sector, they are the victims of an international capitalism, associated with the retrograde national economic forces, which are not content to produce and profit, but which prosper at the cost of the impoverishment and exploitation of the country.

It is absolutely necessary to recognize that the government is of everyone and for everyone. But, in this case, the emergency solutions must give preferential consideration to the sector that has made the most sacrifices, the one that must be convoked and listened to, so that they understand and accept the government's measures, concur in the maintenance of public order and participate conscientiously in the plans and objectives of the legally constituted authorities. To this end, it will be necessary to mobilize the greatest contingent of human and financial resources, with adequate planning for each sector of administration, to enable the Public Power to carry out production for the consumption of everyone, including the masses, at prices accessible to their limited purchasing power, eliminating unnecessary intermediaries who sacrifice the consumer without increasing the social product.

To this struggle I will dedicate the best of my efforts, and if I am honored by the approval of the Chamber I will personally struggle with the responsibility for the emergency solutions, in

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all the national territory, to increase the food supply of the rural and urban populations, convoking the states and the municipalities so that they have a common point of view with the federal government.

Parallel with this government mobilization, to supply and feed, we will attempt the immediate expansion of the labor market, to absorb the immense manual labor which demands utilization, in the cities and in the country side. We will have to devise a new agricultural program, of land, credit and technical assistance, not only to promote the production of foodstuffs, but to utilize labor in such a manner as to permit access to the land of those suburban masses who have left the land.

Public and private investment, properly coordinated, will enable us to utilize great amounts of the urban labor force, until now confined to pauperism.

In this struggle, I hope that an important role will be played by the Ministry of Agriculture and the respective state secretaries on whom we will call for cooperation, as well as the Ministry of Transport and Public Works.

With regard to reforms, the government's actions will be greatly facilitated by the series of proposals of the highest competency now in transit through the Congress.

It is difficult for any material whose object is reforms to get along without the precious repository of suggestions which now needs to be systematized and harmonized, to extract the useful synthesis now bogged down between thesis and antithesis.

Out of respect for the culture and effort of the honorable deputies, with regard to the so-called basic reforms, I consider it my duty to forego a detailed re-examination of each one, leaving until an opportune time the final debate by Congress and its sovereign decision.

The importance of the reforms will be in their content and their approach to the development of the country and the welfare of the people.

Agrarian reform, based on access to the land, credit and technical assistance will have to consist of an effective means

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for the liberation and valorization of the rural population who, generally have been living and producing in uneconomical conditions.

Urban reform, complementing agrarian reform, will permit the correction of disequilibriums and the privileges of the great landowner of the cities, where great numbers of the population are expelled from the center of the city to the periphery and condemned to live in inhuman conditions at immense distances from where they are employed. On electoral reforms, besides the truth of the vote and the elimination of the influence of economic power from the voting process, everything today counsels in favor of expanding the right to vote to include illiterates who, on one hand are not to blame for their illiteracy while at the same time they have at their disposition innumerable means of information and clarification, enabling them to make an authentic pronouncement on their preferences. It is our judgement that in incorporating the illiterate in the political life of the nation, we are fulfilling the ideal of "representation and justice" which enobled the life and work of that notable citizen Dr. Assis Brasil, Tax and banking reforms must be put at the service of society in genral and in particular of the man who creates new instruments of progress and production within the limit of justice and equity.

We will try to bring about an effective disciplining of foreign investment and remittance of profits abroad, through those principles contained in the Chamber's draft bill and the valuable additions of the Joint Committee, to prevent the continued sacrifice of the most legitimate interests of the national economy; we will defend intransigently against the process of exploitation to which we are subject. Another necessary reform is in the field of education which needs a feeling of development not only for mass school-going but to eliminate privilege in education through a system of public schools to train manual labor through technical industrial education as an effective means of raising youth from poverty into the middle class.

The new Council of Ministers will try to find solutions to the problem of soaring inflation, seeking to curb the causes and remedy the effects, which crush the poor and the salaried especially, In this same field, there will not be forgotten, in each Ministry the creation of a committee for budget inspection to be true to the law of means and to veto the enormous sums which are ill-applied, as well as against unauthorized expenses. All sumptuous public expenditure will be condemned, it being the duty of the Executive to maintain its organs within the vigorous limits of sobriety and



to determine the closing, wherever possible, of unproductive investment.

It is evident that the Council of Ministers will not be able to succeed in their task, whether they be emergency solutions or fundamental reforms if the Chamber does not supply them with the necessary powers to execute the program.

I would be lying to myself and to the loyalty which I owe to Congress and the nation if I did not link--in the grave moment in which we are living--the acceptance of my candidacy to the simultaneous bestowal of the delegation of legislative powers for the specific purposes I will indicate in my program of government: I thus intend to submit to the Chamber of Deputies together with the program of government and the constitution of the new Cabinet a proposed delegation of powers the approval of which I consider essential to take upon my shoulders the difficult task at hand.

Equally do I consider that the peoples' hopes for the structual reform demanded by the country will be frustrated if, at the same time, the legislative power does not consecrate with its sovereign vote the new amendment formulated by that public servant, Oliveiro Brito, which confers on the future Congress the power to reform, through due process, certain parts of the Constitution.

I believe this to be the language of truth and sincerity, at the current moment, addressed to the nation. Without the approval of the constitutional amendment and without the legislative delegation, I believe there will be no concrete result from the task with which this Chamber may honor me.

The political scene, on the eve of a new electoral campaign, will oblige the deputies, in the best custom of democracy, to return to political campaigning to seek to renew their mandate.

This fact alone is enough to justify the urgent necessity of transferring from the Chamber to the Cabinet the adequate sum of powers which will enable the essential tasks to be speeded. If the leadership of the government is given to me, permanent vigilance will be maintained in defense of the will of the people at the polls on October 7. No violence, no arbitrary act, no oppression will be committed, without the Government at once stepping in to insure the rule of law and public liberties.

One of the grave concerns that the Cabinet will consider is the problem of disparity in regional economies, which is characterized by serious risks to the national unity.

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The phenomenon of decapitalization that is occurring in the majority of the regions of the country, and which I was able to observe at first-hand, has given me proof of the dangers and difficulties of a revision in States of chronic impoverishment. The marginal areas, largely traumatized, are demanding special treatment not only in their own interest but also to establish the harmonious development of national communities.

On foreign policy, we will maintain and strengthen a policy of effective sovereignty which explains abroad our national thought, through an active and independent diplomacy, conscious of the interests of the country and the responsibilities incumbent upon us in the joint struggle for the maintenance of peace.

As a line of orientation, we will maintain a policy of relations with all countries and the expansion of markets, whatever may be their social structure, and of increased trade and integration with nations committed to the same struggle for economic expansion, especially in Latin America. We will give every support to the strengthening of the democratic regime among the peoples of the hemisphere, without breaking our respect for the principle of non-intervention and the self-determination of peoples.

To constitute a Council of Ministers with force, prestige and experience to bring into being a plan of such proportions and with rapidity corresponding to its short period of life, I will have to avail myself of all the best efforts from all party areas who wish to cooperate in this common struggle.

To the parties who give me their support now, I ask that you not deny me your cooperation later in the formation of the Cabinet and the execution of the Government's plans.

I will need, day by day, the assistance and inspiration of Parliament, both through the Chamber, as the representatives of the people and through the Senate as the representatives of the States. Together the two Houses form a parliamentary force which in the democratic regime, regardless of the system of government reflects the interpretation of national sovereignty. History will have to judge the philosophy that inspired the Congress in the development of the Ato Adicional. Included in it, as an emergency solution is the dualist conception of executive power with the President of the Republic as the Chief of State who participates in the government, and a Council of Ministers as the organ responsible for the policy and administration of the country.

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It is not for us to condemn or praise this conception. In the less favorable hypothesis, it has been valuable as a solution of salvation for internal peace which brought us without violence to this point in our road. Hence duty and the general desirability, for the success of the equilibrium of the system, make it incumbent that the Council and President of the Republic adjust themselves and live together in the effort in the spirit of devotion to the supreme demands of the country. Finally, honorable deputies, I want to say that I am an old professor of law. As a teacher of youth, I am a free man, and thus, a conscientious slave to the law. If I assume the post of Prime Minister I will maintain myself within the strict limits of the law and of the Constitution, to carry out the measures and the reforms which are demanded by the Brazilian people, in the same way that I have been doing, invariably, in the duties from which I now disengage myself in Rio Grande do Sul as Secretary of Interior and Justice. All questions relating to the expropriation of services and land and other assets which occurred in the administration, were always submitted for examination and decision by the Judicial Power in the precise terms of the Federal and State constitutions. And all these amendments have been recognized in State judicial process, which has made clear the purpose that motivated them, of respect and esteem to the principles of law and legality.

My Christian upbringing imposes on me a humility and a respect for God whose protection I seek in the great tasks which have fallen to me in behalf of my country.

I am here to serve, within my capabilities to the limit of sacrifice. If I obtain approval I will immediately put myself at the service of the Congress and the people. In the opposite case I will return to the serenity of the provinces, to the vocation of a magistrate in the service of the State, without any reason to be annoyed, respecting in the decision the voice of experience and the inspirations of patriotism. Mr. President, I thank you and the kind plenary for the honor and generosity with which you have heard me.

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Control: 9025
Rec'd: AUGUST 12, 1962
3:48 PM

RIO 365

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 365, AUGUST 11

RM/R - Gwen
10/5 - Gwen

FOLLOWING FROM BRASILIA

PRIME MINISTER YESTERDAY DELIVERED TO PRESIDENT CHAMBER OF DEPUTIES CABINET'S MUCH-HERALDED MESSAGES REQUESTING DELEGATED POWERS. ONE MESSAGE CONTAINS 20 "POINTS" OTHER MESSAGE IS DRAFT BILL DIRECTING SUPREME ELECTORAL TRIBUNAL SET PLEBISCITE DATE PRIOR DECEMBER 21, CONSTRUING "NINE MONTH" PROVISION OF ARTICLE 25 ATO ADICIONAL TO MEAN "NOT LATER THAN 9 MONTHS".

PROJECTS GROUPED UNDER 8 SECTIONS AS FOLLOWS: (1) AUTHORITY TO LEGISLATE ON FOOD SUPPLY AND AGRICULTURAL EXPANSION (B) CREATION FEDERAL FARMING FUND. (2) MEASURES FOR "AGRARIA RECISION" (A) RURAL LABOR LAW (B) REGULATION RURAL RENTS (C) EXPROPRIATION, IN SOCIAL INTEREST, INCLUDING LANDS UTILIZED "IN RATIONAL AND ECONOMIC MANNER". (D) CREATION OF AGENCY CARRY OUT AGRARIAN REFORM UNIFYING ALL EXISTING AGENCIES. (3) REPRESSION OF ABUSE ECONOMIC POWER. (4) (A) AUTHORIZATION FOR DISCIPLINE OF APPLICATION OF FOREIGN CAPITAL, REGULATION OF PROFIT REMITTANCES AND FORCING (BRAZILIAN) INDIVIDUALS AND CORPORATIONS TO DECLARE THEIR ASSETS ABROAD (B) GOVERNMENT MONOPOLY OF OIL IMPORTS AND EXPORTS OF "ATOMIC MINERALS". (C) INTERVENTION IN MINING AND HYDRO-ELECTRIC INDUSTRIES (D) EXERCISE OF MONOPOLY, WHEN NECESSARY, IN SEMI AND PRECIOUS STONE INDUSTRY, STIMULATION OF GOVERNMENT AIDED MINING COOPERATIVES (E) PROMULGATION OF TELECOMMUNICATIONS REGULATIONS (5) ADMINISTRATIVE MEASURES CONCERNING COURT INJUNCTIONS, REORGANIZATION OF FEDERAL DEPARTMENT OF PUBLIC SECURITY INTO NATIONAL POLICE FORCE, CREATION OF TWO MINISTRIES WITHOUT PORTFOLIO, (6) FISCAL MEASURES (A) AUTHORITY FOR TAX REFORM (B) REFORM OF LAW REGULATING PUBLIC DEBT (7) MONETARY AND EXCHANGE

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CONFIDENTIAL

Control: 14197
Rec'd: August 18, 1962
7:38 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 425, August 18, 2 p.m.

PRIORITY

Following from Brasilia

EMBTEL 422

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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OFFICE SYMBOL		

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OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT ☐ CHARGE TO

11245

CONFIDENTIAL
Classification

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NIACT

Origin

Info

ACTION: Amembassy RIO DE JANEIRO

FOR AMBASSADOR

Embtel 427

Concur desirability your calling on Goulart soonest for purpose expressing concern profits remittance bill will seriously damage prospects success for private and foreign investment and Alliance for Progress in Brazil. In that connection you may wish point to (1) low rate capital inflow into Brazil during period in late forties and early fifties when very similar provisions in effect, (2) dramatic increase in capital inflow following adoption free exchange system in 1953, and (3) fact that, according SUMOC data, outflow due profit as well as capital remittances was as great under highly restrictive measures pre-1953 as during free system which has prevailed up to now.

Suggest also Embassy consult with other Embassies, particularly those of UK, Germany, France, Italy and Japan, to consider desirability joint or separate but coordinated representations to Goulart.

End.

RUSK

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Drafted by: ARA:HKMay:rec 8/20/62

Telegraphic transmission and classification approved by: ARA - Mr. May

Clearances: AID/LA/B - Mr. Hapes EST - Mr. Mann EST/B - Mr. Paine

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FORM DS-322

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OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT ☐ CHARGE TO

CONFIDENTIAL
Classification
VERBATIM TEXT

PARIS 1 13241 1108

Origin

Info:

ACTION: Amembassy PARIS PRIORITY 1108

INFO: Amembassy RIO DE JANEIRO 529

Rio tel 438 to Dept, 5 to Paris; Rio tel 427 to Dept repeated Paris 1106; Deptel 505 to Rio repeated Paris 1107.

Department concurs Embassy Rio recommendation that appropriate Embassy officer contact Brazilian FinMin Moreira Salles and suggest he urge President Goulart veto Articles 31 to 33 of Profits Remittance Bill.

Text these articles as follows:

QUOTE:

31. The annual profit remittances abroad cannot exceed 10 per cent of the value of the registered investment.

32. Profit remittances which exceed the limits established in the previous article will be considered a repatriation of capital and deducted from corresponding registry for purposes of future profit remittances abroad.

Sole Paragraph: The annual amounts of foreign capital repatriation cannot exceed 20 percent of registered capital.

33. Profits in excess of the limit established in Article 31 of this Law, will be registered separately as supplementary capital and will not carry the right to remittance of future profits. ENDQUOTE

Embassy

Drafted by: ARA:EST/B:RHOtt:mrz 8/22/62

Telegraphic transmission and classification approved by: ARA - Mr. May

Clearances: FN - Mr. Weisman (sub) IAB AID/LA/B (sub) WE - Mr. Immor (sub)
Treasury - Mr. Cox (sub)

CONFIDENTIAL
Classification

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FORM DS-322

Tel 43

0447

INCOMING TELEGRAM Department of State PERMANENT RECORD COPY

NUMBERS

CONFIDENTIAL

Control: 18337
Rec'd: August 23, 1967
5:53 p.m.

RIO 451

43
Action
AMA

Info

FROM: Rio de Janeiro

TO: Secretary of State

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NO: 451, August 23, 1 p.m.

Department telegram 505.

Foreign Minister Arinos provided me following information profits remittance bill problem on Wednesday. He described long Tuesday evening session with Goulart attended by himself, Calmon, Balbino, and Senator Mem de Sa, latter attending reluctantly at Arinos' insistence. Arinos and Calmon had signed a strong request for veto of Articles 31 to 33. The President was most reluctant to veto, alleging that action had been entirely in Chamber, that he had not been involved in any negotiations on it, that he was known to be in favor of joint committee version of law, and that he did not want to take on political onus of veto or to antagonize chamber when he needed all their support in September for proposed constitutional amendment on regime and plebiscite.

After very lengthy discussion, meeting ended with agreement that Mem de Sa should request his colleague Senator Krieger, still in Brasilia, to introduce in Senate on Wednesday new bill replacing Articles 31 to 33 by former Article 31 (a fairly innocuous provision limiting remittances on nonessential industries to eight percent in periods of exchange stringency.) Mem de Sa telephoned me late Wednesday to say that he understood from Krieger that this would be passed by Senate on Thursday August 23. Goulart then undertook a strong personal effort to get full support of PTB to favor passage of this in chamber during September 10 to 15 session, including if necessary finding some way to ensure absence of deputies Brant and Losacco at time of voting.

Arinos

(3)

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ACTION	ACTION TAKEN	
ASSIGNED TO	DATE OF ACTION	DIRECTIONS TO RM/R
NAME OF OFFICER		
OFFICE SYMBOL		

832.05100
8-2362
XR 832.05100
732.21

0448

INCOMING TELEGRAM Department of State

PERMANENT RECORD COPY

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38-H
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Control: 17875
Rec'd: August 23, 1962
12:04 p.m.

FROM: Paris

TO: Secretary of State

NO: 931, August 23, 3 p.m.

PRIORITY

ACTION DEPARTMENT 931, INFORMATION RIO DE JANEIRO PRIORITY 8.

Reference: DEPTEL 1108 and Rio De Janeiro 48 to Department.

Embassy officer caught Moreira Salles on phone just as latter leaving hotel to catch train. Salles said he had discussed profits bill by phone with his Under Secretary, that he didn't think articles 31 and 32 too serious and that he believed it would be better solve problems "politically rather than by veto". By this he meant introduction new bill into Brazilian Congress between September 10 and 15. He added soundings with various political groups, he understood, indicated action would be favorable.

Regret circumstances made it impossible pursue matter further but Salles returning Paris 28 and said he would be glad receive Embassy officer at that time if we so desired. Please instruct.

LYON

SGC

(4)

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ACTION ASSIGNED TO: NAME OF OFFICER & OFFICE SYMBOL	ACTION TAKEN DATE OF ACTION	DIRECTIONS TO RM/R

0449

INCOMING TELEGRAM Department of State PERMANENT RECORD COPY

56

CONFIDENTIAL

Control: 24149
Rec'd: August 30, 1962
3:23 p.m.

Action ARA

Info SS L H CAP EUR E AID P IOP INR COM CEA FRB INT TRSY RMR

FROM: Paris

TO: Secretary of State

NO: 1048, August 30, 4 p.m.

ACTION DEPARTMENT 1048; INFORMATION RIO DE JANEIRO 10.

Reference: DEPTEL 1238 August 28.

1. Embassy officer August 30 delivered REFTEL message from May to Moreira Salles.

2. Moreira Salles said information very helpful. He asked Embassy transmit following from him to May:

(A) Re profit remittance bill, he had personal understanding with Brazilian cabinet that Government would do everthing it could to secure adoption of modifications along lines recently voted by Senate. It is hoped Chamber, which reconvenes September 10, will also approve modifications by September 15 at latest. Moreira Salles said that while he personally disliked any legislation whatsoever of this character, because he felt it would inevitably tend discourage foreign investment, Senate version seemed to be about irreducible minimum in light exigencies of Brazilian politics.

(B) It correct that formulation policy on Arrears due oil companies awaiting his return.. However, he would be back in Brazil on September 1 and would give matter his early attention.

LYON

Authenticated by RM/R

MRJ

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ACTION ASSIGNED TO NAME OF OFFICER & OFFICE SYMBOL	ACTION TAKEN DATE OF ACTION	DIRECTIONS TO RM/R

0450

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CORRECTION ISSUED: 9/15/62, 2 AM HC

Control: 10755
Rec'd: SEPTEMBER 14, 1962
12:11 AM

FROM: RIO DE JANEIRO - CORRECTED COPY

TO: Secretary of State

NO: 613, SEPTEMBER 14

ACTION: EUR/B
INFO:
RM/R FILES

NIACT

FOLLOWING FROM BRASILIA

IN APPARENT EFFORT ANTICIPATE PASSAGE CAPANEMA BILL PRIMIN REQUESTED AND WAS GRANTED SPECIAL PERMISSION IN WHICH DETAILED FAILURE OBTAIN PLEBISCITE OCTOBER 7 AND SPECIAL POWERS ANNOUNCED HIS AND CABINET'S RESIGNATION. SPEECH WAS MODERATE AND CONCILIATORY IN TONE FROM ADMINISTRATION'S VIEWPOINT BUT LATER BRIEF "STATEMENT TO NATION" TUNED MUCH MORE FOR POPULAR CONSUMPTION.

SENATE AND OTHER LEADERS IN EFFORT FIND SOLUTION CRISIS WORKED OUT FORMULA COMBINING CAPANEMA LAW EMPOWERING PRESIDENT NAME INTERIM PRIMIN AND CABINET IN ABSENCE CONGRESSIONAL QUORUM WITH CALL FOR REFERENDUM ON PARLIAMENTARY SYSTEM JANUARY 6. CONGRESS WOULD THEN HAVE 90 DAYS IMPLEMENT REFERENDUM RESULT. BILL PASSED SENATE 4:30 A.M. GOES TO CHAMBER THIS AFTERNOON. CHAMBER EARLY THIS MORNING REJECTED OLIVEIRA BRITO AMENDMENT PRESUMABLY PERMIT EARLIEST CONSIDERATION NEW SENATE BILL.

GORDON

CHC
NOTE: Advance copy ARA, 9/14/GWO-JRL

Declassified by NLJ

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ACTION ASSIGNED TO:	ACTION TAKEN	
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

RIO 613, 9/14/62

732.13/9-1462

AR 732.21

0451

AIR POUCH — UNCLASSIFIED

HANDLING INDICATOR

FOREIGN SERVICE DESPATCH

For Department Use Only
732.2612/6-462
JUN 6
LR 932.71

FROM : Amcongen São Paulo — 287 NO.

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

REF : CERP, D-16

19 For Dept. Use Only	ACTION		INFO	DEPT	RM/R	REP 1	AF 3	ARA	EUR	FE	NEA	CU	INR 5	E 3	P	IO	S/P 11
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	RECD 6-9				AIR	ARMY 5	CIA 8	NAVY	OSD	OCB	USIA	NSA 3					

SUBJECT: Highway Between São Paulo and Curitiba Near Collapse

The 400-kilometer highway (BR-2) linking São Paulo with Curitiba has deteriorated to such an extent that it is problematical as to how much longer the road can be used. This highway, the only fully paved road from São Paulo to southern Brazil, was inaugurated near the end of 1960 by President Kubitschek during the closing weeks of his administration, and was actually finished about mid-1961. In an effort to keep the highway open, the Federal Government on May 18, 1962, authorized the National Department of Highways to spend one billion cruzeiros on urgently needed repairs.[1] It is likewise reported in the press that the National Department of Highways has designated a commission of experts to ascertain the causes of the failure of the highway to withstand scarcely a year of use.

FILED JUN

The São Paulo-Curitiba highway had considerable strategic importance during the crisis which followed President Quadros' resignation in 1961. It was a main axis of troop movements. It is economically important because of the large volume of freight which moves along it by truck. Farm and forest products are said to predominate in the northbound movement, with manufactured products being more important southbound.

Reaction in São Paulo to the near collapse of BR-2 has included a public statement by the Vice President of the Federation and Center of Industries to the effect that the manner in which the road was constructed is an outstanding example of bad use of public funds. Newspapers representing all currents of opinion, from A Gazeta to Ultima Hora, have called upon the Government to move quickly to save the highway.

DPMann/cz — REPORTER

1/ Today's free market selling rate for dollars: 415 cruzeiros per dollar.

UNCLASSIFIED

FORM 6-61 FS-439 GPO 912596

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ACTION ASSIGNED TO-		ACTION TAKEN	
NAME OF OFFICER & OFFICE SYMBOL		DATE OF ACTION	DIRECTIONS TO RM/R

0452

During most of its length, the highway passes through low mountains. To modify the steepness of the ascents and descents, numerous cuts were made through hills and mountains, with the earth from the cuts used to construct fills in the intervening valleys. According to Quatro Rodas, a publication specializing in highway information, some forty-two million cubic meters of earth were moved in constructing the highway, with total construction costs of nearly nine billion cruzeiros.1/

Vice Consul David P. Mann of this office recently drove over a considerable portion of the highway. The main problem appears to be erosion of the fills. At countless points the erosion has reached such an advanced stage that the road is near collapse. Earth and rock slides partially obstruct passage through some of the cuts, although this problem seems less serious than the erosion of the fills. Given the newness of the highway, the conclusion that it was improperly constructed seems inescapable.

Because of its newness, BR-2 is still not shown on many maps. It passes near the following towns and villages: Itapecerica da Serra, Juquitiba, Miracatú, Juquiá, Registro, and Jacupiranga, all in the State of São Paulo. In the State of Paraná, it follows about the same course as the Capivari River into Curitiba. The "old BR-2," as it is now called, is shown on all maps, and passes through Cotia, Piedade, São Miguel Arcanjo, Capão Bonito, Guapiara, Apiaí, and Ribeira, all in the State of São Paulo; and through Tunas and Bocaiúva do Sul in the State of Paraná. Stretches of this road are intermittently paved and unpaved, the latter portions totaling about 200 kilometers. Before the new BR-2 was constructed, most traffic between São Paulo and Curitiba did not actually follow "old BR-2" throughout its entire course. Drivers generally left "old BR-2," a little beyond Cotia, and took the paved highway through Soracaba and Itapetininga, returning to "old BR-2" near Capão Bonito. By this route, which is the best alternative to the new BR-2, São Paulo and Curitiba are separated by 325 kilometers of paved highway and 171 kilometers of earth road.

Another Federal highway (BR-6) to the South, which will parallel the new BR-2 and follow the coast southward from Santos, is still in a very early stage of development. It has been completed (and paved) from Santos to Itanhaen, a distance of some forty kilometers. An onward extension to Peruibe (about twenty-eight kilometers) is under construction.

For the Minister Consul General:

Scott C. Lyon

Scott C. Lyon
Consul

1/ As the cruzeiro was much stronger when BR-2 was constructed, the exchange rate quoted on page one would not be pertinent in calculating the approximate cost in dollars of the highway.

GPO 902667

0453

32

INCOMING TELEGRAM *Department of State* PERMANENT RECORD COPY

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RIO 40

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Control: 4997
Rec'd: July 7, 1962 AM 10 39
5:13 p.m.

ACTION:
INFO:
RM/R FILES

FROM: Rio de Janeiro

TO: Secretary of State

NO: 40, July 5, Midnight

ACTION DEPARTMENT 40, INFORMATION BRASILIA 2.

Apropos reports Goulart and Attorney General seeking Supreme Court voiding parliamentary amendment, Governor Lacerda states has firm information from yesterday's private meeting Supreme Court that judges regard validity a closed question.

GORDON

LM:HC

732.2 /7-562
732.31

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32

INCOMING TELEGRAM *Department of State*

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47-H

CONFIDENTIAL

Control: 5001
Rec'd: July 7, 1962 10 39
5:32 p.m.

ACTION:
INFO:
RM/R FILES

June 7/20/62

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RMR

FROM: Rio de Janeiro

TO: Secretary of State

NO: 44, July 5, 5 p.m.

PRIORITY

Following from Brasilia

(1) Attorney General today sent request Supreme Court for ruling constitutionality Adicional (amendment establishing parliamentary system). Could also request stay requirement that President nominate Prime Minister three days after resignation outgoing Prime Minister. If President not make such request or if request not granted, nomination will have to be made by early afternoon Saturday.

(2) Presidential and PTB mouthpiece ULTIMA HORA has begun all-out campaign against parliamentary system calling for return full powers to President. Similar line being followed by other Presidential supporters. Campaign directed by President's press secretary source ULTIMA HORA says. Number large unions have declared 24 hour strike (called before resignation Moura Andrade) and transportation services reportedly paralyzed Rio and Santos. Partially effective strikes other industries and other places. Strikes proceeding despite call from President to desist though we do not know how serious desist order was meant be taken.

(3) Brasilia continues calm although all commercial flights in and out of capital stopped by strike. However, deputies and senators are returning Brasilia on air force planes.

(4) Before request for ruling was transmitted Supreme Court commanders first four armies reportedly had pledged support to legality and

Recommend by EMB

(4)

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ACTION ASSIGNED TO:	ACTION TAKEN	
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732.00/7-762 AR 732.11 AR 732.13 AR 732.111

0455

INCOMING TELEGRAM *Department of State* ACTION COPY

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COPIES REC'D AR
NUMBERED
Control: 3919
Rec'd: July 6, 1962
11:48 a.m

RIO 47

FROM: Rio de Janeiro

TO: Secretary of State

NO: 47, July 6, 9 a.m

PRIORITY

FOL FROM BRASILIA

Embassy Telegram NMQBOUR*

Several reports that request for Supreme Court ruling on constitutionality Ato Adicional had gone to court yesterday afternoon were confirmed by assistant press officer Presidential office. However, reports appear in fact to have been premature. We are told will be forwarded today.

GORDON

MLB/14

* As received.

FILED
Sep 28 12 15 PM '62

032.31/7-662

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INCOMING TELEGRAM *Department of State* ACTION COPY PERMANENT RECORD COPY

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LIMITED OFFICIAL USE

Control: 13967
Rec'd: August 21, 1962
3:02 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 430, August 20, 5 p.m.

Following from Sao Paulo, repeated you:

"15 August 10, 11 a.m., signed Braddock

Joseph Jones, manager Union Carbide, has informed Consulate General that Petrobras is initiating court action to void its ethylene sales contract with his company. He says 10 year contract was dictated by Petrobras and has until 1968 to run. Jones interprets move as part of attempt by Mangabeira to harass American Petrochemicals."

"16, August 16, 4 p.m., signed Braddock

EMBTEL 9

Manager of Union Carbide says his information on Petrobras court action is indirect originating with lawyers Copebras. Latter assert they have seen legal instrument initiated by Petrobras now in hands of court requesting cancellation of certain sales contracts between Petrobras and Union Carbide. (And also Copebras). Union Carbide has not yet received summons and does not know on what basis Petrobras action founded. Union Carbide considers it imprudent to request further information prior to receiving summons."

EMBTEL to Sao Paulo:

"9, August 14, 8 p.m., signed Gordon

CONGENTEL 15

Rio 430
832.3972/8-2062
XR 732.33

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0457

FORM DS-602 - 8-1-57

UNCLASSIFIED

65 ACTION is assigned to ES SCS

OPERATIONS MEMORANDUM

TO: Department of State

Date: December 27, 1961

FROM: Amembassy Rio de Janeiro, Brazil

SUBJECT: NOTARIALS: Service of Process

REF: Dept's W-144 NC of December 7, 1961

In accordance with instructions contained in the above reference, the enclosed affidavit of service of process is submitted to the Department for transmittal to the Marshal of the Supreme Court of the United States.

Service of the process to Mr. Lowell M. Birrell was made by an officer of the Embassy on December 26, 1961. The Department's instruction was received on December 21, 1961 and the process was delivered as soon as the whereabouts of Mr. Birrell could be ascertained. Mr. Birrell informed the Consular Officer that he had not received the original process which had been forwarded to him at the Gloria Hotel in Rio de Janeiro. He was upset by the fact that the 40 day limit for reply to this process had nearly expired by the time he received notice of the process.

Mr. Birrell no longer resides at the Gloria Hotel in Rio de Janeiro. However, he maintains an office at Avenida Beira Mar 262, Rio de Janeiro, Brazil. This information is forwarded to the Department so that Mr. Birrell's current address in Brazil may be made known to those government agencies which may require it.

732.331/12-2761

Enclosure: As stated

RDScarfo:ct

(3) 1/4/62

472651

U.S. GOVERNMENT PRINTING OFFICE: 1960-810280

0458

JCS

32

In reply refer to
SCS

January 17, 1962

Dear Mr. Lippitt:

Reference is made to the Department's letter of December 7, 1961, concerning the services of a rule to show cause on Mr. Lowell M. Birrell residing in Rio de Janeiro, Brazil.

An affidavit of service of process, received from the American Embassy at Rio de Janeiro, is enclosed.

The Embassy furnished the following information concerning the service of process, and Mr. Birrell's present address in Rio de Janeiro:

"Service of the process to Mr. Lowell M. Birrell was made by an officer of the Embassy on December 26, 1961. The Department's instruction was received on December 21, 1961, and the process was delivered as soon as the whereabouts of Mr. Birrell could be ascertained. Mr. Birrell informed the Consular Officer that he had not received the original process which had been forwarded to him at the Gloria Hotel in Rio de Janeiro. He was upset by the fact that the 40 day limit for reply to this process had nearly expired by the time he received notice of the process.

"Mr. Birrell

732.331/1-1762

Mr. T. Perry Lippitt,
Marshal,
Office of the Marshal,
Supreme Court of the United States,
Washington 25, D. C.

microfilmed by RMIS

(2)

1-19-62 SCA:SCS

0459

"Mr. Birrell no longer resides at the Gloria Hotel in Rio de Janeiro. However, he maintains an office at Avenida Beira Mar 262, Rio de Janeiro, Brazil."

Sincerely yours,

"Sgd. George S. Knight"

George S. Knight
Chief, Division of Property Claims,
Estates and Legal Documents

Enclosure:

Affidavit of Service of Process

SCA:SCS:C.Antonya:rg 1/16/62

0460

In reply refer to
905

December 7, 1961

Dear Mr. Lippitt:

The Department has received your letter dated November 12, 1961, enclosing a certified true copy of a rule to show cause to be served on Mr. Lowell M. Birrell reportedly residing at the Gloria Hotel, Rio de Janeiro, Brazil.

A copy of your letter and the true copy of the rule to show cause have been forwarded to the American Embassy at Rio de Janeiro with the request that it endeavor to serve the rule on Mr. Birrell.

If the service is accomplished, the officer making the service will execute an affidavit to that effect in accordance with your request, and you will be advised immediately.

Sincerely yours,

Roland F. Moore
Acting Chief, Division of Property Claims,
Estates and Legal Documents

Mr. T. Perry Lippitt,
Marshal,
Office of the Marshal,
Supreme Court of the United States,
Washington 25, D. C.

SCA:SCS:RAMcKenzie:flb 12/1/61

0461

ORIGIN: SCS-3

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84

DEPARTMENT OF STATE
INSTRUCTION

File Room - May I have copy of incoming cable? 8K 1/11/62

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UNCLASSIFIED

NO: W-1h4 December 7, 1961

SUBJECT: NOTARIALS: Service of Process (2 FSM 874.3).

REF:

TO: The American Embassy, RIO DE JANEIRO

There is enclosed a copy of a letter dated November 21, 1961, forwarding a certified true copy of a rule to show cause from Mr. T. Perry Lippitt, Marshal, of the Supreme Court of the United States, which the Embassy is requested to serve personally on Mr. Lowell M. Birrell, reportedly residing at the Gloria Hotel, Rio de Janeiro.

It should be noted that personal service is desired and that an affidavit to that effect should be made by the consular officer who serves the rule.

The Embassy is requested to give this matter expeditious attention.

RUSK

Enclosures:

From Mr. T. Perry Lippitt,
with enclosure, dated
November 21,1961.

UNCLASSIFIED

DRAFTED BY: SCA:SCS:RAN:nele:cc 12/6/61

CONTENTS AND CLASSIFICATION APPROVED BY: George S. Knight

CLEARANCES:

PSM

See clearance underlying instruction.

FORM DS-972

0462

INCOMING TELEGRAM — Department of State — PERMANENT RECORD COPY

59

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Control: 16257
Rec'd: March 23, 1962
5 pm

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FROM: Rio de Janeiro

TO: Secretary of State

INFO: RM/R FILES

NO: 2194, March 23

Chamber passed unanimously and sent to Senate bill authorizing SUMOC establish commercial bank compulsory reserve requirement at twice present maximum.

Text of bill and comments will follow by despatch.

GORDON

MEM

RIO 2194

832.14/3-2362

XR 732.34

(2)

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0463

57

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT ☐ CHARGE TO

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Classification

13897
Mar 27 6 27 PM '62

Origin

ACTION: Amembassy, RIO DE JANEIRO 2728

Info:

Ambassador Campos has mentioned there is law under consideration in Brazil which would forbid private contributions to election campaign and provide for government's bearing cost. Request available information and your views re prospects enactment such a law.

End.

BALL

RIO 2723

732.00/3-2762

XR 732.34

(2)

Introduced by Rusk

Drafted by: ARA:EST:HWellman:ed 3/27/62

Telegraphic transmission and classification approved by: ARA/EST - Mr. Wellman

Clearances:

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FORM DS-322

0464

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INCOMING TELEGRAM **Department of State**

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UNCLASSIFIED

Control: 21990
Rec'd: March 31, 1962 AM 5 54
6 p.m.

ACTION
INFO:
RM/R FILES

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 2319, MARCH 31

NIACT

REFERENCE GORDON-SACCIO TELEPHONE CONVERSATION TEXT DECREE 790 AS FOLLOWS (UNNECESSARY WORDS OMITTED): BEGIN TEXT

THIS DECREE SETS FORTH PROVISIONS NECESSARY TO DISCIPLINE AND BETTERMENT INTERSTATE TELEPHONE SERVICES.

PRESIDENT COUNCIL OF MINISTERS, USING POWERS CONFERRED UPON HIM BY ARTICLE 18, ITEM III, ADDITIONAL ACT FEDERAL CONSTITUTION AND ARTICLE 99 OF LAW NO. 3089 OF JAN 8, 1916.

CONSIDERING THAT ARTICLE 5 ITEM XII, OF FEDERAL CONSTITUTION, GRANTED COMPETENCE TO UNION TO OPERATE DIRECTLY OR BY MEANS OF AUTHORIZATION OR CONCESSION. AMONG OTHERS, INTERSTATE TELEPHONE SERVICES,

CONSIDERING THAT ARTICLE 99 OF LAW 3089, JAN 8, 1916, AUTHORIZED GOVERNMENT TO ALLOW INTERSTATE TELEPHONE CONNECTIONS BY MEANS OF PROVISIONS WHICH ENSURE REGULAR AND PERFECT FUNCTIONING OF COMMUNICATIONS,

CONSIDERING THAT BY INTERDEPENDENT NATURE OF TELEPHONE SERVICES DEFICIENCES OF INTERSTATE AND INTRA-MUNICIPAL NETWORKS BRING ABOUT IRREGULAR AND IMPERFECT OPERATION OF INTERSTATE COMMUNICATIONS,

CONSIDERING THAT BECAUSE OF EVER INCREASING IMPORTANCE WHICH TELEPHONE (#)

/ARTICLE 1 -

RIO 2319 932.30/3-3162 TR 732.34

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NAME OF OFFICER & OFFICE SYMBOL		DATE OF ACTION	DIRECTIONS TO RM/R

0465

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INCOMING TELEGRAM *Department of State*

54-W

UNCLASSIFIED

Control: 22003
Rec'd: Mar. 31, 1962
7:15pm

Action: ARA
Info: SS SR G SP L S CAP E IGA AID P USIA NSC INR CIA NSA OSD ARMY NAVY AIR FCC TRSY RMR

FROM: RIO DE JANERIO

TO: Secretary of State

NO: 2320, MARCH 31

NIACT

FOR AMBASSADOR GORDON

TEXT STATE OF GUANABARA DECREE 940 PUBLISHED MARCH 30 AS FOLLOWS (UNNECESSARY WORDS OMITTED): BEGIN TEXT GOVERNOR STATE OF GUANABARA USING POWERS CONFERRED UPON HIM BY ARTICLE 30, XII OF STATE CONSTITUTION AND IN ACCORDANCE WITH ARTICLE 141, PARAGRAPH 16, FEDERAL CONSTITUTION AND DECREE LAW 3365, JUNE 21, 1941, DECREES:

ARTICLE 1 - THERE ARE HEREBY DECLARED OF PUBLIC UTILITY AND NECESSITY AND ALSO OF SOCIAL INTEREST, FOR PURPOSES OF EXPROPRIATION, ALL FIXED AND MOVABLE PROPERTIES CONSTITUTING TOTAL HOLDINGS OF COMPANHIA TELEFONICA BRASILEIRA. SOLE PARAGRAPH - THERE ARE ALSO INCLUDED IN DECLARATION OF PUBLIC UTILITY AND NECESSITY AND ALSO OF SOCIAL INTEREST: (A) RIGHTS, PRIVILEGES AND ADVANTAGES RESULTING FROM CONCESSION CONTRACT SIGNED BETWEEN THAT ENTERPRISE AND GOVERNMENT FORMER FEDERAL DISTRICT, APPROVED BY LAW 788, SEPTEMBER 12, 1953; (B) ALL AND ANY INSTALLATIONS AND EQUIPMENT EMPLOYED OR TO BE EMPLOYED IN TELEPHONE NETWORK OF STATE; (C) CONTRACT FOR PUBLICATION LISTS OF SUBSCRIBERS OF STATE, SIGNED BETWEEN CTB AND LISTAS TELEFONICAS BRASILEIRAS S.A. IN FORM AUTHORIZED IN CLAUSE 12 OF CONTRACT OF CONCESSION.

ARTICLE 2 - THIS DECREE BECOMES EFFECTIVE ON DATE OF PUBLICATION.

ARTICLE 3 - PROVISIONS TO CONTRARY ARE REVOKED. END TEXT

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BOND

RIO 2320

932.30/3-3162 XR 832.05111 732.34

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Control: 3458
Rec'd: April 5, 1962
9:35 pm

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FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 2369, APRIL 5, 9 AM

FOLLOWING FROM BRASILIA:

RE DEPARTMENT TELEGRAM 2728.

OFFICIAL CHAMBER DEPUTIES INFORMED EMBASSY OFFICER ONLY TWO ELECTORAL REFORM BILLS NOW PENDING (1) PROPOSAL CREATE JOINT COMMITTEE STUDY ENTIRE QUESTION ELECTORAL REFORM WHICH PRESENTLY AT STANDSTILL IN CHAMBER DUE PLETHERA PROPOSED AMENDMENTS ITS TERMS REFERENCE AND (2) LONG OUTSTANDING PROPOSAL INTRODUCE SINGLE OFFICIAL BALLOT FOR USE PROPORTIONAL ELECTIONS STATE AND NATIONAL LEGISLATURES WHICH HAS PASSED CHAMBER AND AWAITS SENATE ACTION.

SAME CHAMBER SOURCE CONFIRMS EMBASSY OPINION THAT PASSAGE ANY ELECTORAL REFORM LEGISLATION PRIOR OCTOBER ELECTIONS HIGHLY UNLIKELY.

EMBASSY BELIEVES CAMPOS PROBABLY REFERRING TO LEGISLATION REPORTEDLY BEING DRAFTED IN MINISTRY JUSTICE SOME MONTHS AGO. THERE HAVE BEEN NO RECENT REPORTS ON ITS PRESENT STATUS.

BOND

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Control: 3992
Rec'd: May 5, 1962
11:38 p.m.

INFO
PRIVATE FILE

RIO 2612

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 2612, MAY 5

PASS SOUTHARD

MAY 4, CHAMBER APPROVED FOUR MAJOR FINANCIAL BILLS, INCLUDING PUBLIC SECTOR WAGE INCREASE, COMPULSORY LOAN AUTHORITY, INCREASE CEILING FOR TREASURY BOND AND BILLS TO 130 BILLION CRUZEIROS (VOLUNTARY LOAN) AND AUTHORITY CONSOLIDATE FLOATING DEBT UP TO 150 BILLION CRUZEIROS.

WAGE INCREASE BILL PROVIDES BASIC 40 PERCENT RISE, PLUS INCREASE FAMILY ALLOWANCE TO 2,500 CRUZEIROS (FROM 1,000) MONTHLY, PER DEPENDENT, RETROACTIVE APRIL 1. IN ADDITION, FAMILY ALLOWANCE INCREASE TO 3,000 CRUZEIROS EFFECTIVE JAN 1, 1963 PER EACH DEPENDENT IN EXCESS OF THREE. ORIGINAL EXECUTIVE PROPOSAL WAS 40 PERCENT, EFFECTIVE MARCH 1, BUT NO INCREASE FAMILY ALLOWANCE. COST CHAMBER BILL DURING 1962 NOT CLEAR, BUT NEW EXPENDITURE AUTHORIZATION FOR MINISTRY OF FINANCE OF 94.5 BILLION CRUZEIROS CONTAINED THEREIN, PROBABLY ROUGHLY INDICATIVE MAGNITUDE, WHICH IN EXCESS 82 BILLION CRUZEIROS CONTEMPLATED IN STABILIZATION PLAN. PRESS QUOTES TANCREDO NEVES EXPRESSING DISSATISFACTION WITH COST CHAMBER BILL AND INDICATING GOVERNMENT STUDYING POSSIBILITY USE ITEM VETO.

THESE FOUR BILLS, TOGETHER WITH BILL PROVIDING 13TH MONTH BONUS PRIVATE EMPLOYEES, WHICH PASSED BY CHAMBER EARLIER, NOW UP TO SENATE. SENATE TENDS BE FINANCIALLY MORE CONSERVATIVE BODY, BUT IN ELECTION YEAR DIFFICULT PREDICT WHETHER WILL EXERT MODERATING INFLUENCE.

(2) IN OTHER DEVELOPMENT, LEOPOLDINA BRANCH FEDERAL RAILROADS ANNOUNCED ITS RIO SUBURBAN FARES WILL BE RAISED FROM 2 CRUZEIROS

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NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

Microfilmed by RMR

0468

-2- 2612, MAY 5, FROM: RIO DE JANEIRO

TO 10 AND 16 CRUZEIROS EFFECTIVE JULY 1, WHICH ESTIMATED INCREASE MONTHLY GROSS REVENUE FROM 100 MILLION CRUZEIROS TO 650.

GORDON

CC

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INCOMING TELEGRAM *Department of State*

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RIO 2624

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Control: 5689
Rec'd: May 8 1962 ... 89
10:00 pm

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FROM: Rio de Janeiro

TO: Secretary of State

NO: 2624, May 8, 3 PM

INFO: RMR FILES files

ara/eat/b jwd
jwn 5-11-62

PASS SOUTHARD

Re Embassy telegram 2612, manager Leopoldina branch Federal Railroads has denied any plans raise suburban fares. Embassy attempting find out significance announcement and denial and ascertain whether Transport Minister intends put into effect fare increases along lines US informed during recent Washington discussions with Moreira Salles.

In addition to basic 20 percent income tax anticipation, compulsory loan bill passed by Chamber May 4 contains amendments providing (A) additional 5 percent compulsory loan for next 5 years earmarked for use low cost housing projects to be distributed through BNDE and local authorities, and (B) registration of Brazilian assets abroad similar to provision contained in profit remittance bill. Both these provisions, especially latter, likely run into opposition in Senate and may delay approval compulsory loan legislation. Getulio Vargas Foundation cost of living index for Rio first 4 months 1962 shows increase 10.1 percent, compared 9.7 percent same period last year. Increase April 1962, 2 percent compared 4.4 percent April, 1961.

Matoni has planned to [illegible]

GORDON

COT

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RIO 724

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Control: 21838
Rec'd: September 27, 1962
6:17 p.m.

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FROM: Rio de Janeiro

TO: Secretary of State

NO: 724, September 27

FOLLOWING FROM BRASILIA:

TODAY'S DIARIO OFICIAL PUBLISHES PROFIT REMITTANCE LAW WHICH NOW BECOMES EFFECTIVE. DELAY IN PUBLICATION OF 24*DAYS AFTER PROMULGATION BY PRESIDENT OF SENATE (WEEKA 35) IS UNUSUAL. USUAL PERIOD LESS THAN A WEEK. LEFTIST DEPUTY SERGIO MAGALHES (PTB-GUANABARA) CHARGED AT POLITICAL RALLY TWENTY-SECOND THAT LAW WAS "PIGEON-HOLED" BECAUSE OF PRESSURE OF "INTEREST GROUPS".

LEFTIST ULTIMA HORA AND COMMUNIST NOVOS RUMOS THEN TOOK UP CRY. ALTHOUGH NO OFFICIAL STATEMENT MADE, GOVERNMENT SOURCES ATTRIBUTE DELAY TO ADMINISTRATIVE REASONS CONNECTED WITH CHANGE OF PRIME MINISTERS. ULTIMA HORA, ALTHOUGH GOULART MOUTHPIECE, TOOK THIS EXPLANATION WITH TONGUE-IN-CHEEK, SAYING: "THERE IS PRESIDENTIAL MEAT AT BOTTOM OF THE PORRIDGE."

GORDON

MJA

*Confirmed as 23.

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INCOMING TELEGRAM *Department of State*

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Control: 8102
Rec'd: OCTOBER 10, 1962
7:45 PM

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FROM: RIO DE JANEIRO

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TO: Secretary of State

NO: 812, OCTOBER 10

FIBAN CIRCULAR LETTER 492, ISSUED UNDER OCTOBER 2 DATE, SUSPENDS AUTHORIZATION PROFIT REMITTANCES, CAPITAL REPATRIATION, LOAN AUTHORIZATION, ROYALTY AND TECHNICAL ASSISTANCE PAYMENTS, ETC. PENDING REGISTRATION CAPITAL UNDER PROFIT REMITTANCE LAW.

SUMOC EXPECTED ISSUE NEXT DAYS REGULATIONS UNDER WHICH REGISTRATION TO PROCEED.

GORDON

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832.10/10-1062 XR 732.54

OCT 11 1962

DEPARTMENT OF STATE
1962 OCT 11 AM 7 55
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FN-No action required
10-11-62

Classified by RMR

Taken 10-11

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ACTION ASSIGNED TO NAME OF OFFICER & OFFICE SYMBOL	ACTION TAKEN DATE OF ACTION	DIRECTIONS TO RM/R

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ORIGIN/ACTION

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DEPARTMENT OF STATE

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832.10/117662

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A-149 NO.

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XR-832.0511 HANDLING INDICATOR

732-34

1962 NOV 20 AM 8 37

ANALYSIS & DISTRIBUTION BRANCH

TO : DEPARTMENT OF STATE

INFO: RIO DE JANEIRO

FROM : Amcongen, SÃO PAULO

DATE: November 16, 1962

SUBJECT : Some São Paulo Reactions to SUMOC Instructions 231 and 232 Regulating Remittance of Profits Law.

REF : D-13, CER?

The legal counselor of the American Chamber of Commerce reported to the Chamber's Economic Committee on November 14, 1962, that his efforts last month to offer some suggestions to the Federal officials drafting the administrative regulations of the Remittance of Profits Law had not been fruitful. He advised the Chamber that the regulations, which are known as SUMOC Instructions 231 and 232, largely say the same thing as the law itself, without providing much clarification and without attenuating the harshness of the law.

In regard to non-manufacturing firms which offer professional services, and which therefore have a small capital investment, the Chamber's legal counselor said their problems are as ignored in the regulations as in the law. (Under both the law and the SUMOC regulations, all foreign firms can remit profits on the basis of ten percent of their invested capital).

A Consulate General officer recently discussed the problems of foreign-owned service firms with the manager of Procon Engenharia Industrial e Comercial of São Paulo, which is owned by the "Procon" engineering company of Des Plaines, Illinois. Procon has been in São Paulo for about two and one-half years; its staff of American engineers render engineering and technical assistance in the erection of chemical, petrochemical, and petroleum construction projects. Procon's investment in Brazil consists principally in having sent to this country highly competent engineers whose services could easily be marketed elsewhere. The investment in material goods, however, consists only of some office

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FORM DS-323 4-62

Drafted by: ECON:DPMann:ip 11/16/62

Contents and Classification Approved by:

Clearances:

0473

São Paulo
A-149
11/16/62

equipment, according to the manager. He said that as a result of the Remittance of Profits Law and the SUMOC regulations, under which profit remittances will apparently be limited to ten percent of the value of the office equipment plus the initial working capital, as well as some other restrictive laws, he is now ready to advise his superiors in the United States that the climate in Brazil is not hospitable to a foreign-owned service organization and that operations in Brazil should be terminated. He believes that foreign-owned advertising, insurance, and accounting firms are largely in the same position as his company.

Press comment in São Paulo about SUMOC Instructions 231 and 232 has tended to deplore the fact that the regulations did not seek to make the best possible interpretation of the law. This was the principal comment of O Estado de São Paulo and Diário de São Paulo. Likewise, A Gazeta took note of the hopes in São Paulo business circles that the regulations would attenuate the harshness of the law, but it defended SUMOC by saying that that agency had no choice but to reflect the sentiments of Congress as expressed in the legislation.

For the Minister Consul General:

Richard C. Desmond

Richard C. Desmond
Consul

0474

32

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INCOMING TELEGRAM *Department of State*

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CONFIDENTIAL

Control: 10402
Rec'd: November 27, 1962
5:44 P.M.

FROM: Rio de Janeiro

TO: Secretary of State

NO: ~~1136,~~ 1036 Air RCT November 27

PRIORITY

FOLLOWING IS BRASILIA'S TELEGRAM PRIORITY 125 TO RIO, NOVEMBER 24, 1 P.M. SIGNED QUINN FOR YOUR INFORMATION:

FOR AMBASSADOR AND KEPPEL

During visit Embassy office today Daniel Faraco, President Chamber Economic Committee, stated flatly Krieger bill will not be passed by present Congress. Though admitting possibility different outcome in newly-elected Congress, Faraco stated his belief present profits-remittance bill an improvement over that passed by Chamber last year and asserted that "this phase"(i.e., that of stricter control foreign capital) is one through which all countries must pass and one from which Brazil in long run will benefit in as such as it will demonstrate practical inconsistencies overly nationalistic approach.

On tax reform bill, Faraco stated would be brought to floor next week. Faraco refused to comment directly on its chances for passage, stating only that -- as conservative economist advocating anti-inflationary policies -- he felt like a "voice in the desert".

GORDON

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Rec'd 1036
RMR - Jun 12/5 - EB

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Control: 11401
Rec'd: NOVEMBER 29, 1962
11:39 AM
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RM/R FILES:

Rio 1050
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AP

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 1050, NOVEMBER 29

SENATE YESTERDAY PASSED CHAMBER VERSION TAX BILL INCREASING INCOME AND CONSUMPTION TAXES, AS WELL AS MODIFYING FEDERAL ELECTRIFICATION FUND AND AUTHORIZING SPECIAL CREDIT FINANCE GETULIO VARGAS FOUNDATION STUDY TAX COLLECTION SYSTEM, AND COMPLETE REVISION TAX CODE.

IN SPITE NUMEROUS CHAMBER AMENDMENTS, BILL AS PASSED APPEARS TO BE ALONG LINE CALMON PROPOSALS IN ALL ESSENTIAL ASPECTS. THESE AMENDMENTS NOW UNDER STUDY AND EMBASSY WILL SEND ANALYZIS AND TRANSLATION TEXT SOONEST.

GORDON

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CONFIDENTIAL

Control: 12297
Rec'd: November 30, 1962
5:53 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1061, November 30, 6 p.m.

ITT and Profits Remittance Legislation

Hermes Lima asked me to call at Foreign Office Thursday November 29 to cover various points before my departure for Washington.

On ITT, he confirmed GOB decision make loan without mortgage or detailed control over use, first installment to be 1.3 billion cruzeiros and second similar installment when 70 percent of first already drawn down. Linkage to Rio Grande judicial settlement would be in form letter from Bank of Brazil committing bank to extend loan as often as needed until judicial decision forthcoming. Hoping to complete negotiations Monday. We are maintaining contact with company and following further developments closely.

I then raised problem failure secure Krieger amendment passage to profits bill. Emphasized objective difficulty that this was frightening away new investors, net direct private investment having fallen $100 million from last year to this and prospects for next year a further fall or even a negative balance. In addition, there was subjective difficulty failure Goulart to follow through on his personal commitment. Lima replied that, whatever merits, no chance passage Krieger amendment in present form this congress. Went on to state personal opinion that amendment had grave disadvantage permitting reinvested profits to build up foreign owned capital base without any limitation whatever, which was politically unacceptable. We discussed various possible types formulas

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DEPARTMENT OF STATE

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TO : DEPARTMENT OF STATE
LEGAL ADVISER
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ANALYSIS & DISTRIBUTION
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8/21/62
A-33 to Rio

FROM : AmEmbassy RIO DE JANEIRO DATE: August 8, 1962

SUBJECT : Department of Justice Request for Brazilian Law Expert

REF : Department A-33 dated July 31, 1962

The Embassy earnestly requests reconsideration of referenced instruction, for the following reasons:

1. The American business community in Brazil has been going through a period of extreme stress and strain.

2. The community has looked to the Embassy to produce miracle solutions for its problems. When these were not forthcoming, a "the Embassy doesn't care" feeling resulted.

3. The Ambassador and senior Embassy staff have been making an extraordinary effort to overcome this feeling, particularly so because of the importance of close Embassy-American business community relationships in the furtherance of the Alliance for Progress program.

4. It would be impossible for the Embassy to conduct the inquiries and complete the arrangements requested by A-33, without local American businessmen becoming aware of this.

5. In their emotional state of mind, the appearance that the Embassy was "conniving" with Brazilians against American business interests would do irreparable harm to the effective relationship which the Embassy has been trying so hard to create.

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FORM DS-323 4-62

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Drafted by: Joseph S. Henderson

Contents and Classification Approved by:

Clearances: Robert Eakens

0478

6. It appears to the Embassy that this interest of the United States Government is far greater than the one involved in the suit now pending in the U.S. Court of Claims.

If the Department still believes it necessary that the A-33 arrangement be made, this might better be done by Mr. Albert J. Provasnik, the South American representative of the Internal Revenue Service, who has offices at the Consulate General in São Paulo. While the repercussions mentioned above would also result from Mr. Provasnik's efforts, these would be in far less harmful intensity than if attributable to an officer of the Embassy.

For the Ambassador

Niles W. Bond
Deputy Chief of Mission

Action taken by S/S 13 Aug.
L/ARA : 8/21/62
A-55 to Rio.

0479

ORIGIN/ACTION

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DEPARTMENT OF STATE

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RIO

TO : Amembassy, RIO DE JANEIRO

FROM : DEPARTMENT OF STATE

DATE: AUG 21 11 50 AM '62

SUBJECT : Department of Justice request for Brazilian Law Expert

REF : Emb. A-156 of August 8, 1962

The Embassy is to be commended for its caution in dealing with the Department of Justice request relayed in Department's A-33 of July 31, 1962.

In response to the Embassy's views, the Department asked the Internal Revenue Service, which is being represented by Justice in the pending suit, whether there might be available a Brazilian law expert in New York. The IRS apparently investigated and ascertained that Justice has such an expert, available at the Pan American Union, who has testified for Justice in previous cases.

It therefore seems likely that the Embassy's alertness will have not only avoided friction in its own locale but will probably result in savings of a few thousand dollars of IRS budget funds.

RUSK

Classification By RUSK

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Drafted by: L/ARA:RTSalloran:sss 8/21/62

Cleared and Classification Approved by: M. Whiteman

Clearances: EST/B - Mr. Wilson

FORM DS-323

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FORM DS-582
8-1-50

SCS

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This copy must be returned [redacted]

OPERATIONS MEMORANDUM

Date: September 7, 1961

TO: AMCONSUL, SAO PAULO

FROM: Department of State

SUBJECT: NOTARIALS: Fee to be charged for notarization of an affidavit of support used in connection with an immigration visa application.

REF: Consulate General's OM, August 8, 1961.

732.35/8-861

Reference is made to the Consulate General's operations memorandum of August 8, 1961 inquiring with respect to the assessment of a notarial fee for an affidavit of support.

It is the Department's view that the notarial service rendered in connection with an affidavit of support is properly entered under Item 45 of the Tariff of Fees which provides for a charge of $2.50. Item 58(a) of the Tariff of Fees provides for a gratis notarial service rendered "in connection with the execution of forms or documents required by or to be presented to any department or agency of the Federal Government." The quoted language may reasonably be interpreted as limiting the gratis service to that performed in connection with the execution of forms or documents required or prescribed by statute or regulation. Affidavits of support are not statutorily or regulatorily required and thus the notarization of such forms or documents would seem to fall properly under Item 45 of the Tariff of Fees.

S/S CR

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9-8-61

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☆ U. S. GOVERNMENT PRINTING OFFICE, 1961 J-575934

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ACTION is assigned to SCS

OPERATIONS MEMORANDUM

TO: Department of State

Date: August 8, 1961

FROM: AmConGen, Sao Paulo

SUBJECT: NOTARIALS: Tariff Number for Affidavits of Support in Visa Cases

REF:

It would be appreciated if the Department would inform the Consulate General which tariff item number (45 or 58a) should be used when notarizing affidavits of support by American citizens assisting alien family members or friends in obtaining immigrant visas.

RECEIVED DEPARTMENT OF STATE
AM G Sao Paulo
SCS: C/Konigsmark
8-15-61

CAllen/ca

RECORDS BRANCH
AUG 15 1961
FILE

UNCLASSIFIED

U.S. GOVERNMENT PRINTING OFFICE: 1960 O—540738

8/21/61

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732.35/8-861

0482

(32)

Office of the Marshal
Supreme Court of the United States
Washington 25, D. C.

November 21, 1961

The Honorable Allyn C. Donaldson
Director of the Office of
Special Counsular Services
State Department
Washington, D. C.

RE: IN THE MATTER OF THE DISBARMENT OF
LOWELL M. BIRRELL
No. 740 Misc., October Term, 1961

Dear Sir:

On November 20, 1961 the following order was entered by this Court:

"It is ordered that Lowell M. Birrell of New York, N. Y., be suspended from the practice of the law in this Court and that a rule issue, returnable within forty days, requiring him to show cause why he should not be disbarred from the practice of the law in this Court."

The original copy of this rule was forwarded to Mr. Birrell, c/o The Gloria Hotel, Rio de Janeiro, Brazil, but to insure that he receives actual notice of the pendency of this proceeding, it would be greatly appreciated if arrangements could be made for the personal service of the enclosed certified copy of such rule on Mr. Birrell by some American Consular Officer or his assistant. If such service should be accomplished, an affidavit to that effect by the person actually making such service should be forwarded to this office.

May I take this opportunity to express my appreciation for your cooperation in this matter.

Very truly yours,

T. Perry Lippitt
Marshal

(4)
1-4-62

Letter to Mr. Lippitt from Rio de Jan 12/1/61 name-file

Birrell, Lowell M.

732.35 | 11-2161 | 111.311

0483

(32)

SCS

232.1115

In reply refer to
SCS

December 7, 1961

Dear Mr. Lippitt:

The Department has received your letter dated November 13, 1961, enclosing a certified true copy of a rule to show cause to be served on Mr. Lowell M. Birrell reportedly residing at the Gloria Hotel, Rio de Janeiro, Brazil.

A copy of your letter and the true copy of the rule to show cause have been forwarded to the American Embassy at Rio de Janeiro with the request that it endeavor to serve the rule on Mr. Birrell.

If the service is accomplished, the officer making the service will execute an affidavit to that effect in accordance with your request, and you will be advised immediately.

Sincerely yours,

Roland F. Bowers
Acting Chief, Division of Property Claims,
Estates and Legal Documents

Mr. T. Perry Lippitt,
Marshal,
Office of the Marshal,
Supreme Court of the United States,
Washington 25, D. C.

SCA:SCS:RAMcKenzie:flb 12/1/61

S/S-CR

DEC 4 [illegible] PM
DEC 7 1961

732.3511/11-2161 XR 711.311

(3)
1-4-62

microfilmed by RM(R)

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ORIGIN: 32

SCS-3

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84

DEPARTMENT OF STATE
INSTRUCTION

SCI

FOR RM/R USE ONLY

UNCLASSIFIED

NO: W-144 December 7, 1961

SUBJECT: NOTARIALS: Service of Process (2 FSM 874.3).

REF:

TO: The American Embassy, RIO DE JANEIRO

There is enclosed a copy of a letter dated November 21, 1961, forwarding a certified true copy of a rule to show cause from Mr. T. Perry Lippitt, Marshal, of the Supreme Court of the United States, which the Embassy is requested to serve personally on Mr. Lowell M. Birrell, reportedly residing at the Gloria Hotel, Rio de Janeiro.

It should be noted that personal service is desired and that an affidavit to that effect should be made by the consular officer who serves the rule.

The Embassy is requested to give this matter expeditious attention.

RUSK

Enclosures:

From Mr. T. Perry Lippitt,
with enclosure, dated
November 21,1961.

032.35/11-2161

XR 711.311

(3)
1-4-62

UNCLASSIFIED

DRAFTED BY:	CONTENTS AND CLASSIFICATION APPROVED BY:
SCA:SCS:RAMcKenzie:cc 12/6/61	George S. Knight

CLEARANCES:

See clearance underlying instruction.

DEC 7 1961

FORM DS-972
3-61

microfilmed by RM/R

GPO 909026

0485

(6)

SCS

In reply refer to
SCS

October 27, 1962

Dear Mr. Freed:

Your letter of October 15, 1962 is appreciated. In connection with your request during our conversation for a reference to available material dealing with letters rogatory, the thought has occurred to me that you might like to have the enclosed copy of a recent Pan American Union study.

Sincerely yours,

Francis E. Flaherty
Special Assistant
Office of Special Consular Services

Enclosure:

International Cooperation in Judicial Procedures, Pan American Union, July 1962.

732.35111/10-1562

Owen S. Freed, Esquire,
Attorney at Law,
255 University Drive,
Coral Gables 34, Florida.

Transmitted by RMJR

(1) 10-3062

SCA:SCS:FEFlaherty:jfn 10/26/62

0486

SCS

OWEN S. FREED
ATTORNEY AT LAW

255 UNIVERSITY DRIVE
CORAL GABLES 34, FLORIDA
TELEPHONE 445-5485
CABLE: ABOFRE

October 15, 1962

Mr. Francis E. Flaherty
Special Attorney, Department of State
1901 Pennsylvania Avenue
Washington, D. C.

Dear Mr. Flaherty:

I want to thank you once again for the opportunity of speaking with you regarding the Letters Rogatory requested by the Brazilian Embassy. You were most helpful to me and certainly are a master of your field.

I will attempt to have the Letters served by the Sheriff of Metropolitan Dade County, and for further good measure, will effect Notice by Publication in the "Miami Review", as we might do it in a local civil action.

I believe that the combination will certainly satisfy Brazilian law requirements so that the Brazilian government might proceed against Mr. Brown in absentia. I will advise you of the results as they become known to me.

With very kindest regards, I remain,

Very truly yours,

OWEN S. FREED

OSF:erh

Air Mail

Transmitted by RMJR

732.35111/10-1562

(2) 10-3062

File
Ltr to Freed 10/26/62
FEF/fsh

DEPARTMENT OF STATE

0487

(6)

SCS

OWEN S. FREED
ATTORNEY AT LAW

255 UNIVERSITY DRIVE
CORAL GABLES 34, FLORIDA
HIGHLAND 5-2115
CABLE: ABOFRE

October 31, 1962

Francis E. Flaherty, Esquire
Special Assistant
Office of Special Consular Services
Department of State
1901 Pennsylvania Avenue
Washington, D. C.

Re: SCS

Dear Mr. Flaherty:

Thank you for your thoughtfulness in forwarding to me the Pan American Union publication, "International Cooperation in Judicial Procedures", which I received today with your letter of October 27, 1962. Should anything of interest occur in my handling of the letters rogatory for the Brazilian Government, I will advise you.

With kindest regards, I am,

Very truly yours,

OWEN S. FREED

OSF:erh

Delivered by C&C/B

(1) 11-6-62

OFFICE OF
SPECIAL CONSULAR SERVICES
NOV 2 1962
DEPARTMENT OF STATE

File Copy

732.35/11-3162

0488

732.5 MSP/1-2160

0489

INCOMING TELEGRAM *Department of State* ACTION COPY

59

UNCLASSIFIED

Control: 12778
Rec'd: January 21, 1960
2:33 p.m.

Action DCL

Info L ARA E UMSC ICA OF RMR

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1069, January 21

FOR FISCAL ASSISTANT SECRETARY, TREASURY

REPEAT DLF AND ICA

CRUZEIROS ONE HUNDRED THOUSAND RECEIVED JANUARY 19, LOAN NUMBER DLF-45 FROM COOPERATIVE AGRO-PECUARIA BATAVO AND/OR SOC. COOP. CASTROLANDA. BELIEVE NO EXCHANGE RATE APPLICABLE. IN VIEW ASSUMPTION OF ICA DISBURSING BY USDO FEBRUARY 1, SHOULD USDO RETAIN CUSTODY 68FT438 ACCOUNT.

CABOT

MB/11

DEPARTMENT OF STATE
JAN 21 1960
DC/TI
LIAISON OFFICE

Treas FRS

Document must be Registered in the RM/R Central Files

732.5 MSP/1-2160

CAA

FILE
FEB 15

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0490

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

American Embassy,
Rio de Janeiro,
January 28, 1960

Dear Mr. Brand:

The Development Loan Fund sent a letter dated January 13, 1960 to the Minister of Finance of Brazil, Sebastiao Paes de Almeida, on the subject of DLF Loan 45 to the Cooperatives Carambei and Castrolanda and of a guaranty of this Loan by the Bank of Brazil or the Government of Brazil. The letter was sent directly to the Minister with a copy to the Embassy.

I am sure you can appreciate that, matters of content aside, such a letter might by untimeliness complicate the question at issue or others not directly related, thereby risking embarrassment to the Embassy and to the Brazilians.

I can understand that on problems of administering a loan correspondence might be exchanged directly between the Development Loan Fund and a borrower with copies to the Embassy or USOM. However, I hope that in the future all correspondence by the Development Loan Fund with officers or agencies of the Brazilian Government, including such semi-independent bodies as the Bank of Brazil, will be forwarded via the Department of State for delivery by the Embassy.

Very truly yours,

John M. Cabot

415259

The Honorable
Vance Brand,
Managing Director,
Development Loan Fund,
Washington, D. C.

FILED
AUG 11 1961

0491

COPY

DEVELOPMENT LOAN FUND
Washington 25, D.C.

January 13, 1960

His Excellency
Dr. Sebastino Paes de Almeida
Minister of Finance
Rio de Janeiro, Brazil

My dear Mr. Minister:

I am pleased to write you concerning the Guaranty Agreement between the Banco do Brasil and the Development Loan Fund (Guaranty Agreement Number 45 G) which we transmitted to you on February 6, 1959.

I would be deeply grateful if you would kindly give this matter your urgent personal attention, as it is necessary that the Guaranty Agreement be completed promptly.

I might inform you that early last year when your predecessor, Dr. Lucas Lopez, visited us here he definitely assured me that upon his return to Rio de Janeiro the Guaranty Agreement would have his immediate attention and that the required guaranty would be provided either by the Government of Brazil or by the Banco do Brasil. Unfortunately, shortly after his return, Dr. Lucas Lopes became ill and later resigned from the Ministry. Under the circumstances we did not pursue the matter at that time.

As I have stated above, because of the lapse of time it is now a matter of real urgency that this guaranty be completed. Because of the urgency, we are sending Mr. Arnold Leibowitz, Counsel of the Development Loan Fund, to Rio de Janeiro. Mr. Leibowitz is expected to arrive in Rio on January 19. We sincerely trust that you will grant Mr. Leibowitz opportunities to discuss the Agreement with you and to resolve any problems in connection therewith so that the signature of the Agreement may be expedited.

I take this opportunity to express to you my highest regard and to send you my personal best wishes.

Sincerely yours,

Robert B. Menapace
Acting Managing Director

A.I.D. 732.5-MSP

0492

ARA—MR. RUBOTTOM
(O.K. to transmit?) yes
~~WEST—MR. COMPTON~~
—MR. HEMBA
REA—MR. TURKEL/MR. ROSENSON
for necessary action 4 ltr fyi

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

American Embassy,
Rio de Janeiro,
January 29, 1960.

XR
103-DLF
Dear Dick:

I am enclosing a letter to be forwarded to the Development Loan Fund if you perceive no objections. This letter requests them to send all correspondence to Brazilian Government agencies via the State Department for delivery by the Embassy. It was inspired by a letter of January 13 sent directly to the Minister of Finance by Robert Menapace as acting Managing Director of DLF. A copy of this is also enclosed.

In some countries where it has numerous projects requiring frequent contacts with governmental agencies, the Development Loan Fund may not consider it feasible to correspond through the Embassy although even in such a case I would think the Embassy, or perhaps USOM, would be the best channel since the handling of a communication is important to those responsible for the follow up. Here, at any rate, there is only one loan and any special administrative considerations would seem inapplicable.

I might also note that in this particular case one could question the abruptness of asserting that "it is necessary that the Guaranty Agreement be completed promptly" after asking for no official attention for many months. In any event, I would like future correspondence to follow the channel requested.

Sincerely yours,

John M. Cabot

FILED
AUG 11 1961

The Honorable
Roy R. Rubottom, Jr.,
Assistant Secretary of State
For Inter-American Affairs,
Department of State,
Washington, D. C.

415258

732.5-MSP/1-2960

103-DLF

0493

INCOMING AIRGRAM *Department of State*

ACTION COPY

37

Action DCL

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PAGE 1 OF 1 PAGE

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Date Sent: February 18, 1960
Rec'd:

FEB 23 10 23 AM

FROM: Amembassy RIO DE JANEIRO

TO: Secretary of State

NO: G-109

REF: CG-499

For DLF

With reference to ~~the application for~~ the single DLF Loan made in Brazil to date, Loan No. 45 to the Carambei/Castrolanda Cooperatives, the Embassy and USOM believe it is very unlikely that the Cooperatives have had or will have any Communist affiliations. This belief is based on the negative evidence that no hint of such affiliation has come to the attention of any officials of the Embassy or the USOM, and on the positive fact of the continual collaboration given these Cooperatives by the Netherlands Government through officers of its Embassy in Rio and by the stationing there of an Agricultural Advisor. The Netherlands Government also is aware of and encourages the recruitment in the Netherlands of candidates for the expansion of the Cooperatives which is being financed in part by DLF Loan 45.

CABOT

ECON:RGWalker:dbw

February 17, 1960

Cleared By: Messrs.: JRSolana
WAFowler
PRaine

XMB 1960

ASSISTANT CHIEF FOR LIAISON

CAA

FILED

MAR 1 - 1960

CLASSIFIED FILE

732.5 MSP/2-1860

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0494

SECRET

DEPARTMENT OF STATE

DEPUTY COORDINATOR FOR MUTUAL SECURITY

February 18, 1960

MEMORANDUM TO: U/MSC - Mr. Bell

FROM: U/MSC - Mr. Higgins

SUBJECT: President's Statement Concerning Brazilian Program

At a meeting which you attended, the President referred to a commitment to Brazil to provide $300,000,000, and that he had directed that the loan in this magnitude be approved, citing the need for maintaining good faith in our international relationships. There must be some misunderstanding which should by all means be corrected before he leaves. ARA is trying to do just that by addressing the attached memorandum to the Under Secretary, but in my opinion they do not quite say enough in explaining what may be the cause of this impression on the part of the President. Having recently served in Brazil, I may be able to throw some light on this subject:

(1) Some five or so years ago, there was a joint Brazilian-United States commission which studied Brazil's economic development needs. This commission came up with a magic figure of $300,000,000. I remember seeing a press release, although I wasn't in Brazil at the time. This press release issued by the joint commission mentioned this figure and from conversations that I have had in Brazil, Brazilians still consider this a magic figure and considered the press release as some sort of commitment on our part. Since then, of course, the EXIM Bank and the IBRD have actually lent Brazil more than that.

(2) During the negotiations which resulted in the Fernando de Noronha agreement, Brazil's shopping list went astronomically to the $500 or $600 million level. Again at times a $300 million figure was mentioned, although, as you know, such an amount was never even considered.

(3) Another $300 million figure is the one mentioned in Mr. Rubottom's memorandum, a figure which has been frequently used as an estimate of Brazil's annual balance of payments deficit. In none of these cases did the United States ever commit itself to granting these sums of money. Therefore it is hard to understand how the President can feel that he had directed that such a loan be approved.

I thought you should know, however, about these various $300 million figures and the implied reactions of many Brazilians to them, particularly the Joint Commission's original assessment of the country's needs which in a poorly worded press release could have been misconstrued. You may

SECRET

U/MSC: HH Higgins: jad

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0495

wish to call this to Mr. Dillon's attention, either through the mechanism of the Rubottom memorandum or directly when you talk with him, in case he feels that either he or somebody else should call this dangerous misapprehension or misconception to the attention of the President before he goes to Brazil next week.

Attachment: Memorandum to the Under Secretary from Mr. Rubottom.

U/MSC:RHHiggins:jad

0496

Eco. 8, 3a

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DEPARTMENT OF STATE
ASSISTANT SECRETARY

2/19/60

To : E - Mr. Martin (Ken Randall)

From : ARA - Mr. Woodward

Subject: Loan from DLF for Synthetic Rubber Plant at Recife, Brazil

The Lummus Company and Firestone Rubber Company are interested in establishing a synthetic rubber plant at Recife, Pernambuco. Lummus has filed separate applications for a loan amounting to about $9 million with each of the following agencies in Washington: Exim Bank, DLF, IADB and ICA*. We understand that Exim has indicated it has no interest at the present time owing to the substantial commitments it already has with Brazil. ICA is interested in the proposal, but feels that, if IDB or DLF funds are available, it would be more appropriate for one of those institutions to finance the project.

EST has been informed by a member of the DLF staff that DLF considers the proposal to be a good one and, if the Department believes it would be desirable for the U.S. to participate in the venture, would be prepared to give serious consideration to the application. We have also been informed that IADB has shown interest in the project and it has been suggested that perhaps DLF and IADB might work together in arranging the necessary financing.

I believe this project merits our support for the following reasons:

1. DLF and the other interested agencies consider the project to be technically and economically sound.

2. The financial plan as presented is considered to be a good one.

3. The proposed plant would provide employment for several thousand people in the depressed Northeast of Brazil.

4. The project would save substantial amounts of foreign exchange. Brazil is presently importing natural and synthetic rubber, much of which would be replaced by the synthetic rubber produced at Recife.

5. Governor Cid Sampaio of Pernambuco is keenly interested in the project and this would be one way of indicating we are interested in helping him in his fight against communism in the Northeast.

6. As the project is ready to move ahead almost immediately, this may be an opportunity to demonstrate that we are serious about assisting the Northeast through actions rather than words and visitors.

ARA:EST/B:RHCrane/mlb

* The Lummus Company wants only $9 million and hopes that one of the four applications will be approved.

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732.5-MSP/2-1960

0497

7. Relatively large amounts of U.S. equipment and some raw materials would be used in the plant.

We have also been informed that French interests are interested in the project and may be prepared to finance the entire project if necessary, so the rubber plant probably will be built with or without our help. This would mean that virtually all equipment would come from European rather than U.S. sources. Also I believe Governor Sampaio is aware that U.S. lending agencies have been approached, and, if we fail to come through with assistance, it will add to his reported belief that we are not really interested in helping him.

Recommendation

That you inform Mr. Coffin of DLF of the Department's interest in and support of this project.

Concurrence:

REA - Mr. Carwell

ARA:RST/B:RHCrane/mb

0498

DEPARTMENT OF STATE
ASSISTANT SECRETARY

This document consists of 1 pages
No. 1 of 8 Copies, Series A

SECRET

memo not sent forward because of attached note from Higgins to Bell - that the President was referring to the 1953 EX-IM Bank $300 million and that it was not contemplated in the Bank.

TO: The Under Secretary

THROUGH: S/S

FROM: ARA - Mr. Rubottom

SUBJECT: 1960 Mutual Security Program for Brazil

2/19/60

In a White House meeting on February 3, 1960, which both you and Mr. John Bell attended, the Mutual Security Program for 1960 was discussed with the President and officials from other U.S. Government agencies. During this discussion the President referred to a $300 million commitment of the United States to Brazil. The President stated further that he was advised that the Brazilians did not need more than $100 million, but, since the commitment had been made, he had directed that the loan be approved. (Tab A)

The FY 1960 Mutual Security Program for Brazil consists of $17.3 million for Military Assistance, $.4 million for Economic Assistance, and $6.6 million for Technical Cooperation. Of the money obligated for Military Assistance, $14.1 million is partial fulfillment of a U.S. comitment assumed in 1957 to supply military equipment for the right to establish a missile tracking station on the island of Fernando de Noronha. The present cost estimate for this equipment is $65.3 million. This is the only such commitment that the U.S. has to Brazil.

The figure of $300 million has been frequently used as an estimate of Brazil's annual balance of payments deficit, which the United States has no commitment to finance.

This Bureau has prepared a briefing paper for the President's trip to Brazil (Tab B) which outlines our commitment to supply Brazil with military assistance arising from the Fernando de Noronha agreement.

Attachments:

1. Memorandum of Conversation at The White House, dated 2/3/60. (Tab A)
2. Briefing Paper for the President's Trip. (Tab B)

Clearance:

U/MSC

ARA:EST:HWilgis:ed

SECRET

0499

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT
April 1, 1960
S/S-#3735

~~E - Mr. Chestack~~
ED Mr. Atterberry
R/INR

Alton Hemba, the Brasilian Desk Officer, has returned the ~~attached letter~~ with the suggestions that it might better be answered by E - Mr. Atterberry.

I would appreciate your taking this matter up with Mr. Atterberry who, perhaps in consultation with Mr. Hemba, can prepare the necessary reply.

F. A. Mau
S/S-RO
Ext. 5261

Attachment:

Ltr to Under Secretary
from R.D.Kellogg,
dated 3/28/60.

611.923/3-2860

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT
March 30, 1960

S/S-#3735

~~ARA - Mr. Devine~~

Letter to the Under Secretary, Dated March 28, from R. D. Kellogg, requesting information on Brazil

ARA is requested to reply directly to the subject communication. The Bureau's reply should be cleared by at least E, P, and U-Mr. Donnelley. Two copies of the Department's outgoing reply should be received in S/S by the close of business April 4. If this deadline cannot be met, I would appreciate being so advised by telephone.

F. A. Mau
S/S-RO
Ext. 5261

Attachment:

Ltr to Under Secretary
from R.D.Kellogg,
dated 3/28/60.

cc: E - Mr. Shostal
P - Mr. Kilduff
U - Mr. Donnelley

711.5-MSP/3-2860

0501

In reply refer to
ED

May 4, 1960

3-2860

Dear Mr. Kellogg:

Your letter of March 28, 1960 in which you request information about the assistance which our Government and business interests have provided Brazil in recent years has been referred to me for reply. The following table summarizes aid extended to Brazil from United States Government sources in recent years:

U. S. External Assistance Obligations and Other Commitments to Brazil for the years 1946-1959

(In millions of U. S. dollars)

Mutual Security Program - Total		131.9
ICA (Mainly Technical Cooperation)	30.5	
Development Loan Fund	.5	
Military	101.4	
Non-Mutual Security Program - Total		1,196.6
PL 480	164.4	
Export-Import Bank long-term loans (authorizations)	979.9	
Other U. S. Economic programs	45.4	
Military Equipment Loan	6.9	
Grand Total		1,328.5

Export-Import Bank: The Bank has made more loans, both in number and in dollar volume, to Brazil than to any other country in the world. There have

Mr. R. D. Kellogg,
One Wall Street,
Room 2000,
New York 5, New York

F.W. 732.5-MSP/3-2860

0502

There have been 258 credits authorized to Brazil, with the largest number going to transportation (103), agriculture and forestry (61), electric power (38), and industrial credits (29). The remainder have been made to mining developments (6), metal refining and fabricating (10), trade (7) and other purposes (4). The following figures, including long-term loans and exporter credits, show the extent of Export-Import Bank activity in Brazil from February 1934 through February 1960.

Authorizations	1,344,544,230.06
Disbursements	993,344,179.59
Repayments	783,568,883.59
Loans Outstanding	509,775,616.84
Undisbursed Authorizations	114,648,498.56

International Bank for Reconstruction and Development: There have been twelve loans granted to Brazil by the IBRD of which nine have been for electric power development, two for railway rehabilitation and one for highway maintenance and improvement. IBRD activity in Brazil up to April 1960 is summarized in the following table:

Authorizations	$292,000,000
Disbursements	$189,410,293
Repayments	$ 36,722,000
Loans Outstanding	$152,688,293
Undisbursed Authorizations	$ 66,000,707

U. S. private direct investments have also made a significant contribution to the Brazilian economy. At the end of 1958 U. S. private direct investments in Brazil totaled about $1.35 billion, more than during the level in 1956. These investments represent: about 5% of total U. S. private direct investment abroad.

In addition to the forms of assistance listed above, the United States is also contributing long term assistance to Latin American countries through the recently established Inter-American Development Bank.

You also raised the question of Brazil's commitments abroad and her ability to meet them. Brazil's deficit in the balance of payments in 1959 was $367 million, which was covered by a drawdown on reserves and normal lines of credit. In the next few years Brazil will have substantial foreign debts falling due. Her ability to meet these commitments without

planning undue

placing undue strain on her monetary reserves will be greatly affected by receipts from coffee exports as well as by the economic policies which the Government pursues.

I hope that this information will be of help to you.

Sincerely yours,

Peyton Kerr
Director
Office of International Financial
and Development Affairs

CONTROL MAY 4 1960
IN OUT

Clearances:

FN - Mr. Stromayer (in draft) ok
EST - Mr. Briggs (in draft) ok
P - Mr. Kretzmann (in draft) ok
U - Mr. Donnelly ok
ED - Mr. Lyons ok

OFD:ED:PKMitchell:vjw 5/3/60

S/S-CR
MAY 4 1960 P.M.

R/MR File

3735

Room 3000
ONE WALL STREET
NEW YORK 5

March 28, 1960

letter drafted E.D.P. Mitchell 4/12/60

The Honorable C. Douglas Dillon
Under Secretary of State
Washington, D. C.

Dear Mr. Dillon:

I have just read your March first address before the First Caribbean Assembly in Puerto Rico, which ably catalogues the assistance which our Government and our business interests have rendered to Latin America in recent years.

Do you have available in your Department, and can you send me, similar information with respect to Brazil alone?

I have been asked to comment on an editorial which appeared recently in the Estado de Sao Paulo, which is highly critical of our contributions to the economy of Brazil and of our alleged contention that Brazil should adopt some kind of a hold-the-line policy before seeking additional major credits.

I have no intention of writing anything for publication but would like very much to put some of my Brazilian friends straight about what we taxpayers have done until now and about how we feel about granting additional loans.

If available, could you also send me a synopsis of the history of World Bank loans and Export-Import Bank loans to Brazil, together with your Department's figures on the total amount of Brazil's annual commitments abroad and her current ability to meet these commitments.

I have in mind such printed material as you have available rather than a research job on the subjects mentioned.

Very truly yours,

R. D. Kellogg

RDK/jtd

732.5 MSP/3-2860 CSJC 732.5-MSP/3-2860

FILED
APR 28 1961

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M MESSAGE CENTER
CONTROL
APR 4 1960 IN
MAY 4 1960 OUT

0505

OUTGOING AIRGRAM

Department of State

B 0 0 1 6

UNCLASSIFIED
Classification

NO

MAR 1 4 19 PM

SENT TO: Amembassy RIO DE JANEIRO G-104

Page 1 of 2 Pages

REPID INFO: Amembassy PARAMA G-39

In the Inspector General and Comptroller's letter of April 29, 1960, information was provided the Embassy concerning a visit to Brazil of a National Security evaluations survey team. The Department's responsibility for carrying out such surveys is outlined in paragraph 3.5 of Foreign Service Circular No. 288, dated February 29, 1960 and in Circular Instruction CA-7332, dated March 11, 1960.

The survey team that will visit Brazil is composed of John Willard Carrigan as chairman, Major General Norman D. Gillin (USAF, Ret.), John J. Daggerty, and Leslie A. Scott who is serving as staff assistant to the team.

It is expected that the survey team in Brazil will take approximately four weeks. In addition to consultations and meetings in Rio, the team plans to visit projects at various points in Brazil to confer with American and domestic personnel both official and private. Because a great deal of business must be compressed into a relatively short period of time, maximum logistic support given the team by the Embassy will be an important element in facilitating the survey. In this connection, the Department will appreciate having the Embassy arrange to:

1) Meet the members of the evaluation team at the airport;

2) Reserve single rooms with bath in an appropriate hotel for the four members of the team;

3) Provide appropriate office space for the team as a group, with adequate security arrangements for classified documents;

4) Supply appropriate secretarial assistance (if this is not possible to do with [redacted] personnel, authority is hereby granted to hire an American [redacted] at a salary not to exceed that for the grade of [redacted] appropriation 1961/60, Allowance and Travel

[redacted]

Classification

0506

UNCLASSIFIED
Classification

5) Make provision for automotive transportation;

6) Provide, when necessary, a competent interpreter with adequate security clearance; and

7) Make travel arrangements as needed.

With regard to security clearances, the Department's Office of Security has cleared all four members of the team for the handling of Department of State material through Top Secret. Additionally, the Department understands the Department of Defense is notifying appropriate U.S. military elements that all four members of the team have been cleared to have access to whatever classified military information is needed in relation to the survey.

The expected arrival of the team in Rio is May 15. The flight number will be sent the Embassy by telegram as soon as travel arrangements are firm.

For Panama: This airgram has been repeated to Panama for general information, since the evaluations team is visiting Panama en route to Brazil. The Embassy will note the paragraph above certifying to the security clearances given the team members should this be a question during briefings in Panama.

DIELON

[redacted]
Classification

0507

INCOMING TELEGRAM — Department of State — ACTION COPY

46
Action
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DCL
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NAVY
AIR
RMR

UNCLASSIFIED
Classification

Control: 7169
Rec'd: MAY 10, 1960

Action assigned to EV
Action Taken Reply sent
Date of Action 5/12/60
Action Office Symbol U/IGC
Name of Officer Cannan
Direction to O/R File
U/IGC 5/11/60

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 1731, MAY 10

SUBJECT: MUTUAL SECURITY EVALUATION TEAM

REFERENCE: AIRGRAM G-104

PROPOSE FOLLOWING ITINERARY MAJOR ACTIVITIES ILLUSTRATIVE TRENDS, CONCEPTS.

MAY 18-26: RIO DE JAEIRO: COUNTRY TEAM BRIEFINGS, INDIVIDUAL EMBASSY, USOM, MILITARY CONFERENCES; CALLS GOB CIVIL, MILITARY AGENCIES; UN/TAB, UNICEF, AIA; US AND BRAZILIAN BUSINESS; ARMY, AIR, NAVY INSTALLATIONS.

MAY 26-28: BRASILIA.

MAY 29-JUNE 3: BELO HORIZONTE, MINAS GERAIS-VICOSA/PURDUE PROJECT; INSTITUTE EDUCATION; USGS MINERALS SURVEY.

JUNE 4-7: CURITIBA, PARANA-TECHNICAL SCHOOL; AGRICULTURAL SERVICO (ETA) PROJECT; AUDIO-VISUAL CENTER.

JUNE 8-13: RECIFE, PERNAMBUCO-PUBLIC HEALTH SERVICO (SESP) OPERATIONS PALMARES, MALARIA ERADICATION; ETA DAIRY, CROP, EXTENSION PROJECTS.

JUNE 14-18: SAO PAULO-BUSINESS SCHOOL; AERONAUTICAL ENGINEERING INSTITUTE; NAVAL ARCHITECTURE; PRODUCTION ENGINEERING; INDUSTRIAL EDUCATION; INDUSTRIAL HYGIENE; GEOLOGY EDUCATION; SOIL CONSERVATION.

JUNE 19-25: RIO DE JANEIRO: FINAL REVIEW.

/ALL

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Classification

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Department Records Management Branch, RMR Central Files

733.5-MSP/5-1060

CAA

FILE COPY

PERMANENT RECORD COPY • This copy must be returned to RM/R central files with notation of action taken •

0508

ALL STOPS INCLUDE CONSULAR BRIEFING, APPROPRIATE CALLS STATE OFFICIALS IF DESIRED.

PROGRAM EXCEEDS FOUR WEEKS BUT RIGOROUSLY SELECTIVE. IF GENERALLY ACCEPTABLE, YOUR CONFIRMING CABLE WOULD PERMIT ARRANGEMENTS MINIMIZING AIR RESERVATION PROBLEMS, AVOIDING CONFLICTS WITH US TRADE MISSION ALSO TRAVELLING BRAZIL THESE AREAS THIS PERIOD.

INSTRUCTION REFAIR BEING IMPLEMENTED.

CABOT

GMH:20

DEPARTMENT OF STATE
INSPECTOR GENERAL AND COMPTROLLER
RECEIVED
MAY 11 1960
A.M. P.M.
7 8 9 10 11 12 1 2 3 4 5 6

0509

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT ☐ CHARGE TO

OFFICIAL USE ONLY
Classification

1960 MAY 12 PM 6

06674

Origin

Info:

SENT TO: AmEmbassy RIO DE JANEIRO 1434

FOR AMBASSADOR

FROM CARRIGAN

Much appreciate and concur general concept AmbTel 1731.

Believe, however, we should emphasize and expand Rio talks at start of our visit - and should include considerable expansion our availability in particular for talks with military, U.S. businessmen and GOB. We may have to leave June 18 with possible extension to 22nd, along lines proposed. However, with initial Rio expansion and possibly more emphasis Sao Paulo, this may mean some compression elsewhere in proposed schedule, including period final review.

Hope we may meet with appropriate Embassy, USOM and U.S. military representatives June 19 and 20 for planning purposes and, if we are to stay somewhat longer in Rio at outset, this should incidentally give Embassy more lead time to arrange schedule.

When we return, think we should seek your thoughts prior to putting our conclusions into final form. We could do this in Washington or, if more convenient to you, elsewhere in relatively short session. Respecting this, we might make appropriate arrangements later.

DILLON

732.5-MSP/5-1060

Drafted by: JWCarrigan/mcp, U/IGC: 5/12/60

Telegraphic transmission and classification approved by: ECCrouch, Acting Director, U/IGC

Clearances:

S/S-CR

MAY 12 1960 PM

OFFICIAL USE ONLY
Classification

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AIR POUCH
PRIORITY

SECRET
(Security Classification)

DO NOT TYPE IN THIS SPACE

732.5-MSP/5-1860

FOREIGN SERVICE DESPATCH

FROM : Amembassy RIO DE JANEIRO — 1136 DESP. NO. — May 18, 1960 DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : Depcirtel 1396. ~~USMSC~~

COPY NO. 1 SERIES A

For Dept. Use Only	ACTION	DEPT.
	ARA-2	RM/R- IRC- USIGC - USMSC- ICA- E- S/S- M/DP-
	REC'D 5-23-60	OTHER CIA- OSD- ARMY- NAVY- AIR

SUBJECT: Military Assistance Plan

In compliance with the Department's instruction contained in the reference telegram the Embassy is transmitting herewith two information copies of the preliminary country Military Assistance Plan for Brazil, the original of which has been forwarded to the Unified Command.

For the Chargé d'Affaires, a.i.:

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
MAY 25 1960
File
Time RPA/S

Eugene Delgado-Arias
First Secretary of Embassy

Enclosures: Sealed att Mm.

2 Copies Nos. 6 and 9 of 21 Copies
Consisting of 36 pages and Annex I
of Military Assistance Plan - Brazil.

APPROVED:

Philip Raine
Counselor of Embassy
for Political Affairs

This document consists of 1 page
No. 1 of 1 Copies, Series A.

DISTRIBUTION: JBUSMC(3), POL(4), CF(3).

EDelgado-Arias/nlk
REPORTER

SECRET

ACTION COPY — DEPARTMENT OF STATE

The action office must return this permanent record copy to RM/R files with an endorsement of action taken.

Copy No(s) Destroyed RM/R Date

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732.5-MSP/5-1860

INCOMING TELEGRAM *Department of State* ACTION COPY

UNCLASSIFIED

35
Action

Control: 18418
Rec'd: May 25, 1960
11:52 a.m.

DCL
Info
ARA
ICA
RMR

FROM: Belem

TO: Secretary of State

NO: 16, May 24.

SENT DEPARTMENT 16; REPEATED INFORMATION RIO 91, RECIFE UNNUMBERED.

FOR ICA/W

Re your telegram 20, 4th.

Generator returned today VARIG flight 850 AWB 55841 consigned ICA contracts Procurement Branch Washington.

DESEABRA

HMR/7

DEPARTMENT OF STATE
MAY
File DC/L
LIAISON OFFICE

No DIST

FILED
AUG 1 3 1960

732.5-MSP/5-2460 HBS

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INCOMING TELEGRAM *Department of State* ACTION COPY

53
Action
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RMR

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Classification

COPIES RECEIVED
NUMBERED

Control: 18882
Rec'd: May 25, 1960
7:25 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1838, May 25, 6 p.m.

PASS EXIMBANK.

In very flattering Brazilian-American address to visiting group American Chamber of Commerce Volta Redonda Technical Director Azevedo stated that contrary to past practice American steel companies decline accept three to four technicians for two month training periods during current year. Volta Redonda technicians have never been USOM training participants. Embassy desires know basis for Azevedo statement. In view past Volta Redonda American relationship would it be possible American steel companies accept three to four two-month trainees.

BOND

HZK-3

732.5 MSP/5-2560

HBS

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INCOMING TELEGRAM *Department of State* ACTION COPY

46
Action
DCL
Info
ARA
ICA
RMR

UNCLASSIFIED

Control: 20495
Rec'd: May 27, 1960
4:55 p.m.

FROM: Belem

TO: Secretary of State

NO: 17, May 27.

Reference: ICATO 788

Please refer to consulates telegrams 14 and 16 concerning referenced generator.

DESEABRA

MRJ/9

(This Document Must Be Returned to the RM/R Central Files)

732.5-MSP/5-2760

HBS

DEPARTMENT OF STATE
DIVISION OF COMMUNICATIONS SERVICES
D.O.L.
MAY 27 1960
ASSISTANT CHIEF FOR LIAISON

FILED
AUG 1 3 1960

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RECORD COPY • This copy must be returned to RM/R central files with notation of action taken •



Air Pouch (PRIORITY) | UNCLASSIFIED (Security Classification)

DO NOT TYPE IN THIS SPACE

732.5-MSP/6-760

FOREIGN SERVICE DESPATCH

FROM : Amconsulate PORTO ALEGRE — 50 (DESP. NO.)

TO : THE DEPARTMENT OF STATE, WASHINGTON. — June 7, 1960 (DATE)

REF : Emtel 186 received June 3rd and CA No 7392

DEPARTMENT OF STATE
1960 JUN 17 PM 4

For Dept. Use Only — ACTION: U/IGC-3 — REC'D: 6/15 — INFO: DEPT: RM/R-2 REX-1 AMA-4 V/MSC-3 E-7 U/GC/CA OTHER: CIA-10 AMMC-4 USAM-3 AIR- INSPECTOR GENERAL AND CONTROLLER

SUBJECT: Visit of Mutual Security Evaluation Team USIA-10

The Mutual Security Evaluation team arrived in Porto Alegre at 2:30 p.m. Friday June 3 and departed Sunday, June 5, at 9:30 a.m. Despite some confusion and uncertainties due to schedule modifications and communications difficulties, it was possible to schedule informative visits and discussions between members of the team and technicians from two of the three resident projects here. The two USGS technicians had classroom, field trip and other commitments which apparently precluded the possibility of meeting with the visitors.

The Principal Officer and Soil Conservation technician Eldon Engle met the team consisting of Chairman FSO John Carrigan, General Norman Sillin, FSO J.J.Haggerty, FSO Leslie Scott and Mr.Joe Sconce. A briefing session at the Consulate was followed by an informal dinner at the consular residence attended by all the visitors, Mr. and Mrs. Engle, and Professor and Mrs. Gaylord Obern, U.S.C. professor in charge of the Public Administration phase of the PUBAD at the University of Rio Grande do Sul.

The morning of June 4 was devoted by FSO Carrigan to an audit of the local business leader semina r in "Financial Control" conducted by Brazilian counterparts and Professor Winston Oberg, M.S.U. professor in charge of the business administration phase of the PUBAD project mentioned above; by Mr. Haggerty to a conference with Mr. Engle at ASCAR headquarters; and General Sillin to informal contacts with vice-consul Gilstrap. In the evening the visitors were dinner guests at the residence of Profes or Obern.

During the necessarily brief visit, the visitors had an opportunity to review the current situation in this part of Brazil and, within the limits described above, to gain an idea at first hand of the role of the USOM activities here.

Percy Warner
American Consul

Action Taken Noted

cc: USOM-RIO
c/o Amembassy

Date of Action 6/10/60

Action Office Symbol PWARNER/dr

UNCLASSIFIED

Name of Officer (REPORTING)

ACTION COPY — DEPARTMENT OF STATE

Direction to Records Office to microfilm this permanent record copy to DC/R files with an endorsement of action taken.

732.5-MSP/6-760

HBS

FILED

AUG 23 1960



RM/R File

I am sending the enclosed letter back to file.

Mr. Penny O/OPS-2c feels we should file these because they are all Congressionals.

I have removed all of the extra copies & the "do not file" tags

Peggy Pascal O/OPS

BMR

July 18, 1960

732.5-MSP/3-1550 CS/INJR

732.5-MSP/6-1560

Dear Mr. Bow:

I refer to your letter of June 15, 1960, and to my interim reply of June 23, 1960, concerning a newspaper item that referred to the distribution of United States surplus powdered milk in Brazil through the United Nations. You asked for the comments of the Department of State on the suggestion contained in the newspaper article.

It is true that surplus agricultural commodities are offered by the United States to approximately twenty-five non-profit, voluntary agencies for distribution in more than ninety countries of the world. These foodstuffs are of incalculable worth to the hungry and needy people who receive them. Since 1948, it has been required by the Congress that all commodities distributed by the voluntary agencies be clearly marked to identify the source of the gifts as the people of the United States.

In the past, the Department of Agriculture has purchased large quantities of foodstuffs for distribution before it could be known what country would eventually receive them, or what agency would distribute them. For economy's sake, all products were labelled as required in the English language. Last year, however, when Congress acted on surplus food disposal legislation, funds were authorized with which to undertake marking in the language of the countries for which the gifts were intended. The Department of Agriculture is now proceeding to implement this procedure.

The United Nations Childrens Fund (UNICEF) is one of the voluntary agencies participating in the distribution of food. Our Government makes powdered milk available to UNICEF and, although the milk is actually provided by the American people, it is packaged and distributed by the United Nations. Appropriate identification is required on the packages, and they will be labelled in accordance with the new legislation as soon as proper arrangements can be made.

Sincerely yours,

For the Secretary of State:

The Honorable
Frank T. Bow,
House of Representatives.

732.5-MSP/6-1560

0517

At present, there are several different types of labels and emblems for the identification of our surplus food gifts. The institution of a uniform system, or of special packaging styles as suggested in the newspaper article, would be a matter for further legislation.

In addition to the labelling requirements, our United States Information Agency and other agencies of the Government disseminate information about our programs in foreign countries. The agency works through pamphlets, posters, films, and other public information media in its efforts to reach the people of other lands with our American story. A recent example of our successful surplus disposal programs is the wheat agreement concluded with the Government of India. The people of that country, according to Indian newspaper accounts, were extremely grateful to receive our wheat, and their sincere appreciation was noted throughout the country.

I hope that this information will be useful to you in replying to your constituents. If there is any further information or assistance which you may require, please do not hesitate to call on us at any time.

Sincerely yours,

John S. Highland 2d
Acting Assistant Secretary
for Congressional Relations

P:CPS:BNBrownJr:DP:eek

OFS
P Mr. KILDUFF
W
U/MSC: Romans

Previously cleared:
ICA/EXSEC

7/12/60

S/S-CR CDC
JUL 15 1960 A.M.
JUL 18 1960

P/OPS
RMR

June 23, 1960

Dear Mr. Bow:

Thank you for your letter of June 15, 1960, enclosing a copy of an article entitled "U. S. Gift of Milk is Belittled in Brazil". You requested the comments of the Department of State.

Your request is receiving the attention of the appropriate offices of the Department, and I shall send you a detailed reply shortly.

Sincerely yours,

William B. Macomber, Jr.
Assistant Secretary

Document must be Returned to the RMR Central Files

732.5 MSP/6-1560
CS/HHH

The Honorable
Frank T. Bow,
House of Representatives.

P:OPS:MEMcDonnell:amj

OPS P H 6-22-60

MR. KILDUFF

S/S-CR

JUN 23 1960 P.M.

JUN 23 1960

732.5-MSP/6-1560

URGENT

A CONGRESSIONAL - FOR IMMEDIATE ACTION

A reply or written acknowledgment must be made within Three Working Days (*See RP 152.4 or H - Guide Lines*).

If for any reason, a problem is anticipated, drafting officer should immediately call H - Extensions 4286, 4747 or 4748.

M-116
8-9-60



FRANK T. BOW
16TH DISTRICT OF OHIO

DISTRICT OFFICE:
912 FIRST NATIONAL BUILDING
CANTON, OHIO

NEW HOUSE OFFICE BUILDING
WASHINGTON 25, D. C.

Congress of the United States
House of Representatives
Washington, D. C.

June 15, 1960

COMMITTEE:
APPROPRIATIONS

SUBCOMMITTEES:
STATE, JUSTICE, JUDICIARY, AND RELATED AGENCIES
COMMERCE AND RELATED AGENCIES
LEGISLATIVE
SPECIAL EFFECTIVENESS AND ENFORCEMENT OF THE ANTI-DEFICIENCY ACT

ACTION
is assigned to
F

Mr. William B. Macomber, Jr.
Assistant Secretary for Congressional Relations
Department of State
Washington 25, D. C.

Dear Mr. Secretary:

Some of my constituents believe that [illegible] has a good suggestion in the enclosure, and I would appreciate having the comments of your Department.

Sincerely yours,

Frank T. Bow, M. C.

Bgk

Treasury/

DEPARTMENT OF STATE
1960 JUN 17 PM 2 01
SCS

732.5-MSP/6-1560

This Document must be Returned to the RMJP Central Files

Return June 23
reply July 15
cfb. BBrown

391526

0521

AMERICA—

U.S. Gift of Milk Is Belittled in Brazil

By MARY HIRSCHFELD

I have been meaning to write my congressman but the press of chores has sidetracked that angry resolve made recently in Manaus, Brazil.

One boiling morning I was invited to visit a place where free powdered milk was being distributed to poor women in that city, encased by the Amazon jungle. The powdered substance is portioned out to them depending on the need. Pregnant women got a separate amount.



MARY HIRSCHFELD

They were lined up with tin containers waiting to get their share and I saw one apple-cheeked youngster whose mother said he had been restored to health drinking the stuff.

The Brazilian who was responsible for the private organization doing the charitable work was happy to show me around but was not bashful about informing me how disappointed he was in the United States. He had appealed for extended aid and had not gotten what he wanted.

U. N. Is Praised

He gave great credit to help received from the United Nations and admitted that he was getting some U. S. help, but he added helplessly, that there are more starving Brazilians all the time.

He admitted that the Brazilian government had cut down on its relief funds and diverted them to the building of Brasilia, the new capital. However, he was more bitter about Washington than Rio de Janeiro.

I listened and tried to apologize for American shortcomings and took my stand that no nation in history has given so freely of its largesse for strangers far from its borders. I said that he may not have gone to the right sources with his appeal, but he would have none of that.

As I listened to him and watched the women checking in, I noticed an empty brown cardboard carton under a table.

I pulled it out to read in effect: "This is powdered milk and is not for sale. It is a gift of the people of the United States to be distributed through the United Nations."

Host Turns Sheepish

My host turned sheepish when I pulled that box out. He speaks English fluently and knew what was printed there.

I want to write to Washington to say that the box should have been painted red, white and blue. The wording should have been Portuguese, not English, so that even when it was discarded, any Brazilian who could read would get the message.

It is not a question of seeking "thank yous" but keeping the record straight.

A regulation requiring such boxes to be striped red, white and blue and labeled in the language of the nation to which they are sent should not hurt anybody's sensitive feelings. The way it is now, the lettering is almost a useless gesture.

n Street Meditations

By ELEANOR CLABAGE

Pattie, spending a weekend

This File Has Been Charged To You - Please Return It Within One Week
If It Is Transferred - Call Ext. 3852

RETURN TO CURRENT RECORDS BRANCH, RM/R, ROOM 102, SA-18

M-319
8-11-52



DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT

S/S 7636

June 28, 1960

S - Mr. Krebs

Letter to the Secretary, Dated June 25, from Porter Hardy, re release of Documents

H has advised that that office has been in communication with Congressman Hardy's committee regarding the subject letter and that, as requested by Congressman Hardy, Mr. Macomber, Mr. Rubottom, Mr. Hager, possibly Mr. Bell, and others will attend the meeting requested by Congressman Hardy at 2 o'clock today. H has further advised that they will attempt to mollify the Congressman and make available to him such information as he has requested. According to H - Mr. Cottman, Mr. Macomber has been in communication with the Secretary regarding this matter.

John A. Calhoun

NSD/6-2526 4.w. 7.3.5

0524

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT

June 26, 1960

S - Mr. Krebs

Letter from Congressman Hardy

Attached is the letter from Congressman Hardy that I spoke to you about Saturday afternoon. I got in touch with U/MSC - Mr. Wilson and gave him a copy that evening. I also spoke to H - Mr. Hoegland and he picked up a copy Sunday morning. He said he would notify Mr. Macomber.

I have also informed ARA - Mr. Mallory and L - Mr. Malmborg of the letter and we will get copies to ARA and L early Monday morning. A copy was sent to Mr. Dillon at his residence Sunday morning.

From my discussion with Mr. Malmborg, it appears that L is the primary action office.

H. T. Skofield
Duty Officer

0525

Harly Porter

PORTER HARDY, JR., VA., CHAIRMAN
HENRY S. REUSS, WIS.
ELIZABETH KEE, W. VA.
JOHN S. MONAGAN, CONN.

GEORGE MEADER, MICH.
ROBERT P. GRIFFIN, MICH.

CAPITOL 4-3121
EXTENSION 3641

EIGHTY-SIXTH CONGRESS

Congress of the United States
House of Representatives

FOREIGN OPERATIONS AND MONETARY AFFAIRS SUBCOMMITTEE
OF THE
COMMITTEE ON GOVERNMENT OPERATIONS
HOUSE OFFICE BUILDING
ROOM 215, GEORGE WASHINGTON INN
Washington, D. C.

June 25, 1960

RM/R

FILE

Honorable Christian A. Herter
Secretary of State
Washington, D.C.

Dear Mr. Secretary:

You will recall that under date of April 28, I informed you that my Subcommittee was commencing a study of the U.S. aid program in Brazil, Uruguay, Argentina, Chile, Bolivia, Peru and Colombia, and requested your cooperation in making available all State Department documents and files relating to our aid operations in those countries. The reply of Secretary Macomber dated May 7, assured me your Department would cooperate "in any appropriate manner".

On May 18, we requested of ICA documents relating to the establishment of the levels of aid in Bolivia for fiscal years 1959 and 1960. We were advised that certain basic documents had originated in the Department of State and, therefore, required clearance by your Department before they would be made available to us.

Not having received the aforesaid State Department documents after a wait of three weeks, we inquired of your Department on June 9, as to the reason for the delay. We were advised that the documents were being held up because present State Department procedures require that all documents and files requested by Congressional committees be processed through a series of offices and officials before they are supplied.

Whether the delay is the result of indifference, incompetence, or design, more than five weeks have elapsed without compliance with my first request for documents. This has seriously impeded the work of my Subcommittee and I question whether this is an "appropriate manner" of cooperation.

Porter Hardy, Jr.

0526

Honorable Christian A. Herter June 25, 1960

Follow-up inquiries by the Subcommittee staff have failed to expedite the clearance of these documents.

In order to resolve this matter I have, at the direction of the Subcommittee, scheduled a public hearing for 2:00 p.m., Tuesday, June 28, 1960, in room 304 House Office Building, and I am extending to you at this time an invitation to be present if your schedule will so permit. If you find that you are unable to appear, I would appreciate your designating a representative to attend who is authorized to speak for you. In addition, I will appreciate your instructing the following persons to be present: John O. Bell, William B. Macomber, Jr., Roy R. Rubottom, Jr., Knute E. Malmborg, Mrs. Dorothy W. Miller, Herbert Higgins, Henry L. Pitts, Robert W. Weise. These persons should be prepared to testify concerning the operation of your aforementioned "clearance procedures", with particular reference to their application to the specific requests now pending in your Department for information and documents for the use of my Subcommittee.

It is also requested that you direct your representative to bring with him, and deliver to the Subcommittee, those documents relating to the Bolivian aid program specifically referred to in memoranda dated May 12, June 2, and June 20, 1960, from Leslie A. Grant, Associate General Counsel of the International Cooperation Administration, to Herbert Higgins in the office of the Mutual Security Deputy Coordinator.

In the event you wish to have any additional personnel attend, or if there are any other individuals not named above, but who have knowledge bearing on this matter, I would welcome their attendance also.

Sincerely yours,

Porter Hardy, Jr.
Chairman

0527

AIR POUCH
PRIORITY

OFFICIAL USE ONLY
(Security Classification)

DO NOT TYPE IN THIS SPACE
732.5-MSP/7-560
Action assigned to EA
Action Taken NAN

FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, RIO
5
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.
July 5, 1960
DATE

REF : G-104, May 6, 1960
JUL 11 1960
Date of Action 7/18/60
U/MSC-3
Action Office Symbol

55 For Dept. Use Only	ACTION	DEPT.	INFO
	U/IGC-3	RM/A-2 REP-1 IRC-7 E-7 IGR-4	
	REC'D 7/13	OTHER CIA-10 USIA-10 OSD-4 army-4	

Name of Officer
Division to Code

SUBJECT: IGC Mutual Security Evaluation Team

732.5-MSP/7-560

The Mutual Security Evaluation Team spent 34 days in Brazil. The equivalent of about 5 days was needed for travel; the rest, including holidays, was divided between Rio de Janeiro and 7 cities: Brasilia, Belo Horizonte, Curitiba, Porto Alegre, Recife, São Paulo and Viçosa.

The schedule was necessarily strenuous and did not permit intensive exploration of specific questions although the Team's interests centered on PL 480, USOM/GOB coordination, organizational relationships in USOM/GOB field projects, and Point IV publicity. Concerning PL 480, they gave singular attention to prospects for Cooley Amendment provisions. So?

Embassy, USOM, USIS, and Military provided briefings and informal follow-up conferences. They called at the Foreign Office, talked fundamentals with a select group of high Brazilian economic officials, lunched with USOM Division Chiefs and their Brazilian Serviço colleagues, and sampled the views of businessmen including representatives of banks, oil companies, light and power companies, food processing firms, durable consumer goods manufacturers, shipping companies, and mining concerns. In their travels, they saw the major USOM projects and gained impressions of Brazil's regional contrasts and problems. In Rio, a reception brought the Team and the U.S. Trade Mission to Brazil together with the business community. Noteworthy, too, was Mr. Carrigan's interview with Dom Helder Camara, Auxiliary Bishop of Rio, in which a recent incident involving the sale of Title III commodities was discussed.

The Team saw Brasilia, learned of Embassy/USOM plans and problems of moving there, and attended the first USOM-GOB Point IV Coordination Meeting in the new capital. Project Agreements totalling $1,200,000 were signed in the meeting.

In other cities, the United States Consuls planned their itineraries, gave briefings on affairs in the area, and arranged contacts with State officials and businessmen.

In Belo Horizonte, the Team visited the PABAEE Institute of Education, the USGS mapping project, and the State Agricultural Extension headquarters accompanied by U.S. agricultural technicians.

CAA

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REPORTER

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In Curitiba they called at the Industrial Education School (CBAI) and the audio-visual production and training center.

The Porto Alegre stop included conferences with U.S. contract professors of Public and Business Administration, attendance at an Executive Development Seminar, and discussions with U.S. agricultural technicians.

In Recife, the Team lunched with the State Governor, Cid Sampaio, and conferred with Celso Furtado, head of SUDENE, the new regional development agency for the Northeast. Both Sampaio and Furtado stressed the political dangers of continued stagnation in the Northeast and gratuitously suggested massive U.S. impact assistance, particularly for river-basin development schemes. The Team visited SESP hospitals, health centers, and water systems in and around the town of Palmares. They saw Recife's idle milk processing plant, one of the factors of ETA's problem-studded livestock and dairy project, and the State Agronomic Institute, connected with another ETA project. A courtesy call was paid on the Magnifico Reitor of the University of Recife, scene of the recent student revolt that caused the withdrawal of U.S. geology professors. The Team also visited the MATS base in Recife.

In and around São Paulo, the Team called on the State Secretary of Labor, Commerce and Industry and heard an exposition of the State's 500 billion cruzeiro, 5-year development program, "Plan of Action." They visited the Getulio Vargas Foundation-MSU School of Business Administration, the Aeronautical Technical Institute in São Jose dos Campos, industrial schools related to CBAI projects, industrial hygiene activities by SESP, malaria eradication headquarters, a demonstration farm and a research station connected with ETA's projects in the Paraiba Valley. With a selected group from the American Chamber of Commerce in São Paulo, the Team covered business conditions, investment prospects and the politico-economic effects of several possible uses of PL 480 funds.

It was necessary to charter a plane to take the Team to Viçosa, an isolated town, for a review of the contract project in agricultural education, research and extension between the Rural University of Minas Gerais and Purdue University.

Their final days were spent in Rio de Janeiro, discussing their tentative conclusions with Chargé d'Affaires, a.i., the Director and Acting DDOM of USOM, and seeking clarification on numerous points, particularly on USOM matters.[redacted]com

The Embassy, USOM, JBUSMC and USIS sought to inform the Team and interpret in the available time the complex subject matter as fully as possible and to the extent requested.

0529

The Embassy will reserve comment on the substantive aspects of the Team's visit to Brazil pending the anticipated receipt of its final report. However, should the Team require additional data to assist it in the preparation of that report, the Embassy will endeavor to furnish such data upon request.

Charge d'Affaires ad interim

Coordinated:

1. H.R. Cottam
2. P.Raine - POL



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON 25, D. C.

SEP

In reply refer to I-7545/60
INTERNATIONAL SECURITY AFFAIRS

MEMORANDUM FOR MR. ALLAN McLEAN

SUBJECT: Request from the Brazilian Government for Permission to Dispose of Obsolete MAP Weapons

This is in reply to your note of 8 September concerning thirty (30) calibre Springfield rifles reported by the Brazilian Embassy as excess to the needs of the Brazilian Government.

It is suggested that you inform the Brazilian Embassy that matters of this nature should be referred to General Bell's office in Brazil with a request that he provide the Brazilian Government with instructions concerning disposition of MAP property no longer required for the purpose originally furnished.

Under normal circumstances, host countries submit a list of items no longer required to the MAAG Chief and state the circumstances, (e.g. how many, conditions, why no longer needed). The MAAG Chief reports these facts to the Unified Commander, and requests information on the possibility of using the items to meet a MAP requirement elsewhere in the theatre.

It is envisioned that the rifles in question can be used by the Military Assistance Program somewhere in the world. Should it prove, however, that this is not the case, I do not look forward to getting favorable reaction here to the Brazilian proposal authorizing the rifles to be sold to U.S. firms who undoubtedly would try to import them into the U.S. As you are no doubt aware, the Congress has critized us in the past for allowing MAP property, furnished as grant-aid, to be imported into the U.S. thereby competing with private industry for U.S. markets.

WOODROW W. HAM
Western Hemisphere Region

0531

INCOMING AIRGRAM *Department of State*

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PAGE 1 OF 1 PAGES

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48

CONFIDENTIAL

Classification

Action ICA

Info L ARA E UMSC UIGC COM XMB FRB TRSY RMR

Date Sent: Sept 20, 1960

Rec'd: SEP 26 4 06 PM '60

FROM: American Embassy Rio de Janeiro

TO: Secretary of State

NO: G-93

REF: ICATC A-272 and Embdesp 121

FOR: DLF

file emb Dep 9/28/60

Despite repeated efforts with Finance Minister Paes de Almeida, his assistant José Lopes, and Paulo Poock Corrêa, Emb/USOM have been unable elicit decision from Paes de Almeida concerning provision guarantee for Carambei-Castrolanda loan. As result Embassy suggestion this matter will possibly be raised with Paes de Almeida in Washington during his presence there September 19-30, Poock Corrêa elicited Paes de Almeida promise resolve matter prior his departure from Rio September 18.

In view circumstances, Emb/USOM suggests DLF raise this matter directly with Paes de Almeida in Washington, particularly inasmuch as Mauricio Bicalho, President Bank of Brazil, will be there at same time.

CABOT

732.5-MSP/9-2060 HBS

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0532

RM/R

SEP 30 1960

SECRET

Dear Mr. Barrett:

Herewith, for your consideration in studies being made under Section 60k of the Mutual Security Act of 1960, are two copies of the Evaluation Report of the Mutual Security Program for Brazil, September 1960.

You will note that under present procedures Evaluation Reports are prepared in two sections distinguished by the color of the cover as between a presentation of factual material (grey cover) and a list of findings and recommendations (green cover), the latter being subject to executive privilege.

I understand that copies of the report will be returned to this office when they have served your purposes.

Sincerely yours,

"J. E. Nugent"

James E. Nugent
Acting

Enclosure:

Evaluation Report for Brazil.

Mr. Richard Barrett,
Office of Management and Organization,
Bureau of the Budget.

DCR 32

U/IGC:EV:GGAllen:afp
9/14/60

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732.5-MSP/9-3060

0533

RM/R

SEP 30 1960

~~SECRET~~

Dear Mr. Halsema:

Herewith for your information are three copies of the Evaluation Report of the Mutual Security Program for Brazil.

You will note that under present procedures Evaluation Reports are prepared in two sections distinguished by the color of the cover as between a presentation of factual material (gray cover) and a list of findings and recommendations (green cover), the latter being subject to executive privilege.

The "List of Recommendations" enclosed for your information identifies the agencies with responsibility for carrying out recommendations for specific executive action, while the attention of certain agencies is directed to other recommendations and observations. It is assumed that all agencies concerned with the Mutual Security Program, including the United States Information Agency, may have an interest in the results of this evaluation.

Sincerely yours,

"J. E. Nugent"

James E. Nugent
Acting

Similar letter to:
Department of Agriculture
Bureau of the Budget
Development Loan Fund
Export-Import Bank of Washington
Department of the Treasury

Enclosures:
1. List of Recommendations.
2. Evaluation Report of the Mutual Security Program for Brazil.

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732.5-MSP/9-3

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Mr. James J. Halsema,
Planning Director,
Office of Plans,
United States Information Agency.

U/IGC:EV:DUBliss:afp
9/14/60

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0534

RMR

SEP 30 1960

~~SECRET~~

Dear General Johnson:

1. Transmitted herewith for your attention are ten copies of the Evaluation Report of the Mutual Security Program for Brazil which has been submitted to the Under Secretary of State in his capacity as Coordinator for the Mutual Security Program. Copies are being transmitted for action or information to other agencies listed at the end of this communication. Additional copies of this report, to the extent available, will be furnished on request.

2. Under present procedures Evaluation Reports are prepared in two sections distinguished by the color of the cover as between a presentation of factual material, including conclusions drawn from that material (gray cover), and a list of formal findings and recommendations (green cover), which is subject to executive privilege. For ready identification and reference all paragraphs throughout both sections of Evaluation Reports are numbered consecutively.

3. Attached also is a list of the recommendations for action incorporated in this Evaluation Report. It indicates for each recommendation the agency or agencies which in our opinion have action responsibility. In many instances the recommendations cannot be effected by action of a single agency and will require a coordinated effort by more than one recipient of this report. We ask that in such instances the first indicated agency initiate and coordinate appropriate action.

4. As a guide to the nature of agency action the recommendations are divided into two or more of these general categories:

a. Policy. Recommendations under this heading are of such a nature that no agency or agencies can be expected to take immediate specific action, although such recommendations may be of basic importance, should be taken into account in formulating policy, and may in due course lead to collective action by the executive.

b. Specific Executive Action. Recommendations under this heading call for specific action by designated agencies. For the most part they relate to significant deficiencies in the operating

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Major General Douglas V. Johnson, U.S.A.,
Director of Policy Review,
International Security Affairs,
Department of Defense.

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effectiveness of the Mutual Security Program and they should receive prompt attention.

c. Continuing or Contingent Action. Recommendations, findings and conclusions under this heading call for executive action in due course, either on a contingent or on a continuing basis, but they are not expressed in terms of specific actions to be undertaken immediately. They may have considerable significance in the operation of the Mutual Security Program and are referred to the indicated agencies for their attention, consideration and continuing or eventual executive action.

d. Observations. Findings and conclusions under this heading relate to situations observed by the Evaluation Team which have significance as a guide to management, whether in Washington or in the field, reported for the information and consideration of the indicated agencies.

5. It is requested that as soon as possible after receipt of this communication - it is hoped within 60 days - the Office of the Inspector General and Comptroller, Mutual Security, be furnished with preliminary comments on executive action recommendations of concern to the Department of Defense, indicating those which are acceptable to the Department of Defense and feasible of accomplishment. It is realized that the Department of Defense, in the course of its follow-up system, will receive reports from time to time in connection with these matters. It would be appreciated if this office could be provided with information on such reports.

6. It is recognized that some executive actions may require extended periods of time to complete. However, it is believed that action on most of the recommendations can be carried out within six months. Thereafter this office may request information on the status of recommendations which remain open.

7. A similar communication, including enclosures, is being sent for action or information to the following agencies: International Cooperation Administration, Bureau of the Budget, Export-Import Bank of Washington, Department of the Treasury, Department of Agriculture, Development Loan Fund and United States Information Agency.

Sincerely yours,

"J. E. Everett"

James E. Everett
Acting

Enclosures:

1. List of Recommendations.
2. Evaluation Report of the Mutual Security Program for Brazil.

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U/IGC:EV:DCEllis:afp 9/14/60

SECRET R/MR

SEP 30 1960

MEMORANDUM FOR: The Honorable
James W. Riddleberger
Director
International Cooperation Administration

SUBJECT: Evaluation Report for Brazil

1. Transmitted herewith for your attention are 25 copies of the Evaluation Report of the Mutual Security Program for Brazil which has been submitted to the Under Secretary of State in his capacity as Coordinator for the Mutual Security Program. Copies are being transmitted for action or information to other agencies listed at the end of this communication. Additional copies of this report, to the extent available, will be furnished on request.

2. Under present procedures Evaluation Reports are prepared in two sections distinguished by the color of the cover as between a presentation of factual material, including conclusions drawn from that material (gray cover), and a list of formal findings and recommendations (green cover), which is subject to executive privilege. For ready identification and reference all paragraphs throughout both sections of this Evaluation Report are numbered consecutively.

3. Attached also is a list of the recommendations for action incorporated in this Evaluation Report. It indicates for each recommendation the agency or agencies which in our opinion have action responsibility. In many instances the recommendations cannot be effected by action of a single agency and will require a coordinated effort by more than one recipient of this report. We ask that in such instances the first indicated agency initiate and coordinate appropriate action.

4. As a guide to the nature of agency action the recommendations are divided into two or more of these general categories:

a. Policy. Recommendations under this heading are of such a nature that no agency or agencies can be expected to take immediate specific action, although such recommendations may be of basic importance, should be taken into account in formulating policy, and may in due course lead to collective action by the executive.

b. Specific Executive Action. Recommendations under this heading call for specific action by designated agencies. For the most part they relate to significant deficiencies in the operating effectiveness of the Mutual Security Program and they should receive prompt attention.

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c. Continuing or Contingent Action. Recommendations, findings and conclusions under this heading call for executive action in due course, either on a contingent or on a continuing basis, but they are not expressed in terms of specific actions to be undertaken immediately. They may have considerable significance in the operation of the Mutual Security Program and are referred to the indicated agencies for their attention, consideration and continuing or eventual executive action.

d. Observations. Findings and conclusions under this heading relate to situations observed by the Evaluation Team which have significance as a guide to management, whether in Washington or in the field, reported for the information and consideration of the indicated agencies.

5. It is requested that as soon as possible after receipt of this communication - it is hoped within 60 days - the Office of the Inspector General and Comptroller, Mutual Security, be furnished with preliminary comments on executive action recommendations of concern to the International Cooperation Administration, indicating those which are acceptable to the International Cooperation Administration and feasible of accomplishment. It is realized that the International Cooperation Administration, in the course of its follow-up system, will receive reports from time to time in connection with these matters. It will be appreciated if this office can be provided information on such reports.

6. It is recognized that some executive actions may require extended periods of time to complete. However, it is believed that action on most of the recommendations can be carried out within six months. Thereafter this office may request information on the status of recommendations which remain open.

7. A similar communication, including attachments, is being sent for action or information to the following agencies: Department of Defense, Bureau of the Budget, Department of the Treasury, Export-Import Bank of Washington, Department of Agriculture, Development Loan Fund, and United States Information Agency.

James E. Nugent

James E. Nugent
Acting

Attachments:

1. List of Recommendations.
2. Evaluation Report of the Mutual Security Program for Brazil.

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9/14/60

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INCOMING TELEGRAM *Department of State*

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Control: 1826
Rec'd: October 4, 1960
10:39 p.m.

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FROM: Rio de Janeiro

TO: Secretary of State

NO: 471, October 4, 6 p.m.

Reference: Embassy telegram 313, Embassy airgram G-93, and ICATO 247.

Embassy would appreciate receiving summary financial discussions held in Washington by Finance Minister Paes de Almeida. In particular, were any understandings reached concerning rescheduling GOB debt to EXIM Bank or postponement scheduled repayment $47.7 million to IMF? Also, did DLF query Paes de Almeida re guarantee for Castrolanda-Carambei loan?

Paes de Almeida has told Rio newspapers EXIM Bank mission will arrive Brazil "within few days" for purpose concluding arrangements rescheduling GOB debt payments. Is such mission to be expected soon? Who will comprise it?

CABOT

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SENT TO: AmEmbassy RIO DE JANEIRO 464
REF: Embtel 471
Deptel 454

FYI U.S. IMF Director informed confidentially by Carvalho, Brazil's Alternate Director IMF, that in his opinion Brazil will be unable make repurchase November 30 of May $47.5 million drawing from IMF. Carvalho added has discussed problem with GOB Ambassador to U.S. and other GOB officials. Carvalho's tentative thinking, to be discussed further GOB officials, is to request 6 month postponement repurchase coupled with statement outlining plans undertake early stabilization program in consultation IMF. Carvalho envisions above statement would be submitted by present government with concurrence in some form by newly elected administration. U.S. Director IMF agreed Carvalho above seemed best plan under present conditions. End FYI.

U.S. Director IMF emphasized confidential tentative nature Carvalho's plans and requested source not be disclosed.

Dillon
Herter
DILLON

Drafted by: OFM:FN:BEByron:mlb - 10/11/60

Telegraphic transmission and classification approved by: FN - John Parke Young

Clearances: ARA/EST - Mr. Wilson (in substance)
US IMF - Mr. Southard (in substance)

S/S-CR

OCT 11 1960 PM

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Info:

SENT TO: Amembassy RIO DE JANEIRO 454

732.5MSP/10-460

Your 471.

Memcon being prepared for transmittal by air pouch Saturday for your information re brief and inconclusive talks with Eximbank officials by Brazilian Finance Minister and Director Exchange Department. Financial problems not REPEAT not discussed in any detail and no REPEAT no commitments undertaken. Eximbank made known plans for travel to South America early November of group including Vice Chairman Tom Killefer, Director Hawthorne Arey, Economist Seymour Pollack and possibly other staff members. Visits of approximately one week each to be made in Brazil and Argentina. Principal objective for Brazilian visit would be obtain information re Brazilian problems on spot and provide opportunity for contacts with probable members of incoming Brazilian administration. Eximbank believes Brazilian Finance Minister clearly understands mission would not REPEAT not be coming for specific negotiations or refunding.

Embassy requested clarify purpose visit with GOB and advise GOB reactions. messages being sent re DLF and IMF talks.

Separate [redacted]) DILLON

ACTING

732.5MSP/10-460

Drafted by: ARA:EST:CABoonstra:ed;lms 10/7/60

Telegraphic transmission and classification approved by: EST - Mr. Boonstra

Clearances:
E - Mr. Atterberry (in draft)
Eximbank - Mr. Pollack (in draft)

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Control: 5895 NUMBERED
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10:59 p.m. OCT 12 AM 6 31

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ACTION: ARA
INFO:
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FROM: Rio de Janeiro

TO: Secretary of State

NO: 507, October 11, 6 p.m.

Department telegram 454.

I believe it would be serious mistake for EXIM Bank mission come to Brazil in November unless prepared announce some type financial accommodation. As reported in our telegram 471, Paes de Almeida told Rio press upon return from US that EXIM Bank mission coming Brazil for purpose concluding arrangements rescheduling GOB debt payments. Accordingly, we can expect decidedly unfavorable publicity unless EXIM mission shows real effort conclude such arrangements.

Furthermore, I strongly believe time has come demonstrate US Government prepared provide reasonable help to Brazil. Debt rescheduling proposal originally emanated from USG rather than GOB (Department telegram 1280, June 12, 1959 and Embassy telegram 242, June 13, 1959) and background that proposal thoroughly justified Kubitschek belief we really wanted to help ease his financial difficulties. He would be justifiably angry, in my opinion, if we now manifested refusal to provide that help, at least on minimal basis, such as by deferral of the $4 million monthly repayment obligations over, say, a 6-month. I consider is especially important to provide such relief, furthermore, as a means of helping Janio Quadros establish his governmental program in atmosphere containing minimum element of desperation. I do not think we should put him in position of finding it necessary to beg for US help immediately upon assuming office.

CABOT

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Your 507. 732.5MSP/10-1160

Eximbank since June 1959 has been and continues willing to consider Brazilian proposals for either rescheduling or deferring debt payments for purpose easing GOB financial strain. However no repeat no specific proposals ever received and accordingly not repeat not possible arrive Brazil early November prepared to announce conclusion such financial accommodation.

Judging from past and present attitudes Brazilian spokesmen both Department and Eximbank believe likely that Kubitschek Government does not repeat not wish make admission financial difficulties implicit in complete debt rescheduling request and hopes instead for unilateral Eximbank action providing such benefits. Even if GOB did not repeat not hold this view we believe long-term refunding at this time not only difficult account technical and policy problems but at present hazardous account possible charges by Quadros Government that such action shifts obligations forward to Kubitschek advantage and Quadros detriment rather than aiding country.

Under circumstances believe desirable limit any consideration at this time to temporary relief by deferral government-to-government credits. This should be advantageous to Kubitschek without jeopardizing benefit whi

732.5-MSP/10-1160

Drafted by: ARA:EST:CABoonstra:lms 10/20/60

Telegraphic transmission and classification approved by: ARA - Mr. Barall

Clearances:
Eximbank - Mr. Pollack (in draft)
Treasury - Mr. Harley (in draft)
E - Mr. Kerr (in substance)

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might be derived by Quadros should he decide to negotiate full refunding at later date. However feel strongly it is essential assurances be obtained from Quadros he concurs desirability such temporary relief action. Suggest Embassy sound out Kubitschek re willingness and appropriateness of bringing Quadros or his representatives directly into discussions. FYI Against such background Eximbank would find it possible consider such measures as six-month deferral beginning December on approximately $4 million monthly repayments on balance of payments loan and similar deferral repayments on other GOB obligations to Eximbank estimated $8 million over six-month period. This does not include about $8 million of maturities on private credits guaranteed by GOB. Ambassador Moreira Salles took position during his term at Washington GOB preferred avoid complications and embarrassment involved in attempt to include private Brazilian debtors in refunding negotiations. Bank also foresees technical and legal problems involved in most recent suggestion made during visit of Finance Minister to effect private debtors be required make cruzeiro payments to Bank Brazil in accordance with existing schedules but Eximbank not require conversion of principal amounts into dollars. END FYI.

In view above considerations and also fact Eximbank mission scheduled visit Argentina on same trip both Department and Eximbank believe Brazilian visit should be made in expectation some type temporary financial accommodation can be negotiated but not necessarily announced during course visit. Situation could be again reviewed after Quadros inauguration in light new Government's programs and policies. Any such later review of more complete refunding should also include consideration problem of European and other major creditors.

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Embassy views desired including best arrangements seeing appropriate officials Brasilia and/or Rio. Eximbank representatives have reservations PAA 203 arriving Brasilia November one with immediate connection Rio. If desirable could spend first day or two Brasilia and then proceed Rio or make other suitable arrangement. Would of course desire Embassy representatives present during discussions Brasilia.

Herter
mwb

HERTER

0545

INCOMING CABLEGRAM — **INTERNATIONAL COOPERATION ADMINISTRATION**

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FROM: Rio de Janeiro

CONTROL: 7282
REC'D: October 13, 1960 10:32 p.m.

NO.: TOICA 292, October 13, 6 p.m. (SECTION 1 OF 2)

JOINT EMBASSY/USOM MESSAGE

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In addtion to TC funds requested in revised FY 1961 OPAR totalling $6,960,000 submitted with TOICA A-618 September 29, and SA funds requested in E-1's submitted under cover of Country Program book, USOM/B willneed to have new funds available if FY 1961 in order permit capitalization on friendlier, more receptive and cooperative attitude toward US stimulated by Brazilian satisfaction with Bogota Conference.

Last week selection results presage much more than mere change in administration in Brazil. The "landslide" victory of opposition candidate Janio Quadros foreshadows changes in Brazilian Government programs and administrative organization. Janio and his advisers have publicly expressed criticism of unbalanced nature of present administrations development plans and its sometime chaotic procedures and have called attention to neglect of important sectors such as agriculture and education, as well as other aspects of the social infrastructure. It is reasonable to hope that they will give more emphasis to these previously neglected areas. The President-elects economic advisors have also indicated interests in an expanded community water supply development program, which is among special projects submitted with TOICA A-631 September 29.

USOM/B believes highly important have flexibility in discussing future ICA programs with new administration entering office with strong public mandate. It may have positive ideas on technical cooperation which could be significantly different from those of Kubitschek government. In short run this would mean having funds available to make an early start on new projects, even during FY 1961. In the long run it may involve reappraisal of many existing and continuing projects as well as the mission has not present idea of type of program which new administration may desire, and will be unable make even preliminary determination for at least a month if not longer. Nevertheless,

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732.00/10-1360

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INCOMING CABLEGRAM **INTERNATIONAL COOPERATION ADMINISTRATION**

SECURITY CLASSIFICATION
CONFIDENTIAL

-2- TOICA 292, OCTOBER 13, 6 p.m. (SECTION 1 of 2), from Rio de Janeiro

nevertheless, in view of recent events, particularly Brazil's cooperative leadership in deliberations at Bogota, new administration presumably will expect the US to be prepared to implement new type program along lines of precepts contained in act of Bogota as well as an expanded TC program, broader in scope and content. Furthermore, rest of hemisphere countries will be watching with interest events in Brazil in view this nations leadership fostering the OPA and in light of US acceptance of its principle, if not its full concept. Therefore, believed of vital importance, in this period of change in Brazil, to be able effectively and promptly to demonstrate US interest in welfare of Brazil and in friendly way expeditiously to provide added assistance and thus strengthen our improved relationships.

As we mentioned above, known that the President-elects economic advisors would favor a community water supply development program. Such a program fits all criteria for identification of US aid and desire of the US to help people of Latin America. It would be easily identified as US aid; it would be popularly acceptable to people; it would serve health and welfare need; and it would serve primary economic need as well. (Water resources program while serving health needs will be directed toward communities in developing areas) USOM considers it a project which we should be prepared to provide to provide to new administration whenever discussions of US aid program may be initiated by President-elects representatives. We have reason believe that Embassy and USOM may be approached by Janio Quadros advisors in near future with view to initiating dialogue with respect to future relations between our two countries.

USOM therefore urges that ICA/W give immediate attention to water supply proposals forwarded with TOICA A-631.

Although

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-3- TOICA 292, October 13, 6 p.m. (SECTION 1 of 2), from Rio de Janeiro

Although we have no definite information concerning opinion of Janio's advisers with respect to proposed program for assistance to Brazilian higher education, believed that will have appeal to new government. We recommend early consideration be given this project as submitted in E-1 Form as soon as National Academy of Sciences Survey Teams report available. USOM further urges that based on IGA/W and USOM evaluation of the survey teams report that early approval be given, and funds provided so that we may begin discussions leading toward discussions leading toward implementation at least portion this program in Fiscal Year 1961.

SACCIO

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FROM: Rio De Janeiro

NO.: TOICA 292, October 13, 6 pm. (SECTION TWO OF TWO)

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In addition to preceding requests, USOM/B may need funds during FY 61 for following projects:

Additional requirements under existing projects, specifically (1) grant fund of $150,000 and for secondary education project, in event appropriate legislation is passed by Brazil which will make it possible to implement this project during the current FY; (2) funds for technicians assigned to foregoing projects; and (3) funds for implementing request for university level electronics training program now being staffed by education and civil aviation division. This proposal also must be evaluated against NAS survey team report.

Contingency funds will be required to purchase apartments and furnishings and to cover other unforeseen expenditures connection with USOM move to Brasilia, (reference TOICA 251).

Additional assistance should be made available to Brazil during the early months of CY 61 and certainly no later than March 1. We realize that the $1500 million dollar ARCP must go through appropriation proceedings. For this reason and others we urge that funds are found now to implement and expanded aid program in Brazil.

OTHER AGENCY

We believe specific points A (through D) contained paragraph 2 of reference cable adequately covered in E-1's already submitted, while answers to E (and F) are contained above. We feel these projects are justifiable; however, if ICA/W has any different ideas please let us have comments and suggestions as soon as possible. It is essential that we know ICA/W views on these projects immediately as guidance for expected discussions with representatives of new administration.

The provisions

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-2- TOICA 292, October 13, 6 p.m. from Rio De Janeiro
(SECTION TWO OF TWO)

The provisions by ICA/W of additional funds with which to meet Brazilian needs under proper conditions is extremely important, but this alone will not meet US needs in its relationship with Brazil. It is necessary also that other US agencies, including EXIM Bank and the DLF, give consideration to expanding their assistance programs for FY 61 and to any specific types of Brazilian measures which will be necessary as prerequisited for such expanded programs.

Embassy-USOM would appreciate receiving soonest ICA/W, State and other agency reaction to these proposals.

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DEPARTMENT OF STATE
THE UNDER SECRETARY

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October 17, 1960.

MEMORANDUM FOR ARA-MR. MANN

SUBJECT: Evaluation Report on Brazil.

I have just read the recent evaluation report on Brazil prepared under the direction of the Inspector-General and Comptroller of the Mutual Security Program. I was impressed by the over-all evaluation of the economic assistance program contained in Paragraphs 166-175, which are quite critical of our attitude toward Brazil during the past few years.

I would appreciate your views and any thought you may have of how we should proceed to correct the present situation.

Douglas Dillon

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1. [redacted] consideration/to points set forth Ref tel is considering anticipated [redacted] Brazilian assistance requests having support of President-elect Quadros. See Joint State-ICA Instruction CA-3664, October 20, 1960.

2. ICA/W expediting study and preparation airgram suggesting next steps September 1960 S-1 proposals Community Water Supply Development and Assistance to Brazilian Universities mentioned Ref tel.

3. Views of other agencies will be forwarded when received. See Depteel 505 re Hitchcock.

[redacted] (ACTING)

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drafted by: [redacted] ARA/BR [redacted] Ext. 2434 Room No. 3S36

approved by: [redacted] ARA/BR

cleared with: [redacted] ARA/BR

cleared with: [redacted] ARA/BR

cleared with: [redacted] FSLN/GA

cleared with: [redacted] ARA

cleared with: [redacted] ARA

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DEPARTMENT OF STATE
ASSISTANT SECRETARY

CONFIDENTIAL

November 2, 1960

TO: The Under Secretary

THROUGH: S/S

FROM: ARA - Mr. Mann

SUBJECT: Evaluation Report from Brazil

In reference to your memorandum of October 17, there are, as you know, pros and cons on the question of whether, during the Kubitschek regime, we could have done more for Brazil without undermining the IMF. I believe you will recall the reaction of the IMF and Treasury to my oblique suggestion to Kubitschek after the Buenos Aires Economic Conference that perhaps Brazil and the IMF could agree on some middle ground concerning the rate of economic development and inflation.

Be this as it may, the important thing is to get off to a new and imaginative start with the Quadros regime. An Eximbank mission has already departed for Rio and I have suggested to them that they might explore with the Embassy the possibility of Quadros' designating some one or more competent people enjoying his confidence to quietly begin discussions of their economic problems in the near future. I believe we can put to good use the time between now and January 31, 1961 to exchange ideas and have a meeting of the minds on what we can do and what Brazil can do to get our relations back on the track. I will follow up on this by writing a personal letter to Cabot along the same lines.

In addition we have, as you know, recommended to the White House that Quadros be invited to visit the United States before he takes office.

The paragraphs in the Evaluation Report to which you refer are, in my opinion, good general guidelines for the future.

ARA/TCMann:jk

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FROM: Rio De Janeiro

TO: Secretary of State

NO: 616, November 8, 5 p.m.

PRIORITY

FOR STATE, AGRICULTURE, ICA

Reference CONGEN Sao Paulo priority 111 November 4.

Saccio met with Sao Paulo Secretary of Agriculture Coutin Ho Nogueira November 7 and discussed the State government's desire for more technical assistance in Agriculture and his plans to request more US aid during visit to Washington. Secretary Nogueira stated he does not want to make requests in Washington unless there is assurance that he would not come back empty handed as to do this would be politically undesirable for both his administration and the US. He further said the reason he felt it was necessary to make request directly in Washington is that repeated approaches to his Federal government have been unfruitful and that furthermore the Federal administration has in general been unwilling to work with State of Sao Paulo in its development programs.

Saccio explained that it is highly unlikely the Secretary could return from Washington with technical assistance projects approved in view of the short time available for preparation and the fact that funds curently available are programmed. Saccio suggested it would be more desirable to develop programs to meet Sao Paulo's needs with a general country program for Brazil with particular reference to Bogota, and that he would look forward to meeting with Secretary Nogueira and his staff in the near future in this regard. It was generally agreed that this approach would be more effective for satisfactory consideration of Sao Paulo's need.

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need for assistance in Agriculture and that Secretary Nogueira would not go to Washington expecting to request and obtain assistance projects.

Secretary Nogueira plans however to make courtesy call on Secretary Benson and the Department of Agriculture on November 14. Believe it important to extend courtesies to Secretary in view of present as well as future importance in Brazilian scene. Reference was made to Doctor Fitzgerald as appropriate ICA official to see. Nogueira now plans remain in US until November 17 or 18.

ICA informed

Tape recordings of meeting with Secretary Benson were airpouched number B1-1747 to FAS/W November 5. Attention is called to report on Sao Paulo Agriculture and Agricultural development needs given to Secretary Benson by Secretary Nogueira.

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TO : THE DEPARTMENT OF STATE, WASHINGTON.
November 14, 1960
DATE

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SUBJECT: Mutual Security Program Evaluation for Brazil USIA BoB

Attached herewith are Country Team comments on those items of the MSP Evaluation Report which involve military and inter-agency responsibility.

USOM is submitting separately to ICA/W its response to the Report's Findings and Recommendations relating to economic and technical assistance.

For the Ambassador:

Niles W. Bond
Deputy Chief of Mission

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no reply necessary
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MSP Evaluation Report for Brazil

QUESTIONS INVOLVING MILITARY AND INTERAGENCY RESPONSIBILITY

Item 64. Military Assistance Program

It should be borne in mind that the MAP tools are not limited to actual weapons or other military forms of "hardware". One of its stated objectives is the standardization of doctrine, methods and material; presumably this creates an area for professional interchange, within which there can be developed closer personal relationships between the U.S. military and that of MAP-supported forces. Another area which is being used to a considerable extent, and which this evaluation believes can yet further be emphasized, is that of training in the United States. Here it is suggested that training furnished foreign officers not be limited to purely military matters, but that these officers be given, as are our own officers, advanced courses in economics, government science, and the like. While much can yet be done in this area, much has already been accomplished through these MAP "by-product" operations.

Comment

The JBUSMC thoroughly concurs with the comments of the Evaluation Team. However, as is true in nearly all other Latin American countries, large dollar payments made by the local government to personnel who are assigned to an extra territorial post continues as a deterrent to U.S. training of Brazilian officers.

Item 395. Noronha Agreement in Forward Planning

The Evaluation Team notes that the Noronha Agreement (20-21, 34c, 52-57) terminates in FY 1962 and finds that orderly forward planning must take this into account in organizing MSP programs for FY 1962. In this connection the Team directs attention to the probable ceiling on MAP for Latin America (57), the present need of the Brazilian military establishment (19), and the need to identify U.S. programs of assistance with Brazil's economic development (80, 81, 84).

The Team therefore recommends that:

(a) a determination be made promptly as to whether or not there will be a continuing requirement for the Noronha missile tracking station after FY 1962 and whether or not an extension of the Agreement should be sought;

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(b) if it is determined to negotiate an extension of the Agreement, and a quid pro quo must be offered, consideration be given not only to a military package but also to the desirability and feasibility of an economic package, or even a combination of both.

Comment

The Fernando de Noronha Agreement has been the subject of recent exchange of correspondence between the Department of State and Defense which indicate that the Noronha Agreement will not be required beyond its current tenure. It is believed that certain Armed Forces requirements in the Northeastern area of Brazil may be negotiated at a military level on a mutually satisfactory basis, thus obviating the need for Government-to-Government agreements or quid pro quo arrangements.

Item 396. New Look in US Relation with Brazil

The Evaluation Team observes a progressive estrangement in economic relations between Brazil and the United States and a failure of MSP to achieve political impact in the face of present anti-American sentiment (166-169). The Team finds this situation due in part to the obscurity of scattered efforts under MSP (174) and a lack of U.S. identification with major Brazilian development plans (74-77), although recognizing that Brazilian inflationary policies give rise to some lack of confidence in the soundness of the economy (30-32).

The Team recommends that the United States develop a comprehensive "new look" in the MSP for Brazil with a view to reorganizing the program, in agreement with the new government which takes office after the October elections, along lines which will concentrate U.S. financial and economic support in areas of major development activity and induce Brazil in return to undertake needed reforms.

Comment

We do not agree with the Evaluation Team's appraisal as it relates to the MSP. We believe that the identity of MSP programs has been preserved by its concentration in sectors other than the major government development projects for which the Brazilian Government has chosen to claim full credit, despite having received U.S. financial assistance for certain development projects from sources other than MSP. Further, a reorganized MSP (which is not desirable) would not in itself, without regard to the IMF and without providing balance of payments assistance be sufficient "to induce Brazil to undertake needed reforms". The reforms needed to bring about a reasonable degree of monetary stability on which sound economic progress so largely depends cannot be

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achieved and maintained except in conjunction with balance of payments assistance. The U.S. Government has thus far held that there is no alternative to holding the line on the need for an IMF-Brazil agreement on a stabilization plan before offering supplementary balance of payments assistance. Perhaps the U.S. could have been less rigid in regard to loans for economic development following Brazil's "break with the Fund". However, only large scale financial assistance, combined with Brazilian willingness to acknowledge it, could have led to strong U.S. identification with Brazil's development programs. Future identification will be contingent on additional assistance with built-in publicity provisions.

Item 397. Military Sales Program

The Evaluation Team notes that when a Latin American country is determined to have certain military equipment which the United States refuses to supply, it will be obtained from another source and finds that this complicates the logistical problem, opens the door to foreign technicians, and breaks down close military relations with the United States (39-40).

The Team recommends that, prior to the refusal under the Military Sales Program, careful consideration be given to the political and military consequences if Brazil undertakes to purchase material from a third country.

Comment

The Country Team concurs with the Evaluation Team's comment and recommendation and will continue, as it has in the past, to give careful consideration to Brazil's requests to purchase military equipment and in addition will discourage, whenever possible, acquisition of military equipment beyond the reasonable needs of Brazil.

Item 398. U.S. Military Command in Brazil

The Evaluation Team observes that the functions for which JBUSMC was originally established have become secondary to its MSP functions and that the senior officer of JBUSMC has no authority for, nor does the organization provide for, unity of policy or action in carrying out MSP military objectives in Brazil. The Team finds this situation detrimental to orderly procedures and to over-all military relationships (42-44).

The Team recommends that action be taken to designate the senior military officer present as in command of all U.S. military organizations and personnel in Brazil (except the Service Attaches).

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Comment

Military personnel, while engaged in military assistance activities in Brazil, are under the command of the Senior Military Officer present. Recent correspondence to the Department of Defense by the Chairman of the U.S. Delegation, JBUSMC, included a recommendation that the Senior Military Officer of the U.S. Delegation, JBUSMC, be charged with the direction of all U.S. military activities in Brazil under the guidance of the Chief of the Diplomatic Mission.

Item 399. Relations of JBUSMC and USOM

The Evaluation Team noted the absence of any regular arrangement for coordination of JBUSMC and USOM activities and finds that coordination of their country plans would have value particularly in the fields of training, equipment and works contributing to the civilian economy (38).

Subsequent to the Team making the above comments in Rio, the Team found that, in the MAP Country Plan submission for Brazil, 1962-66, JBUSMC recommended an Engineer Construction Group for inclusion in the Plan. This inclusion was approved by the Chief of Mission. There is no specific indication of USOM having noted the project. It was deleted by CARIBCOM with the comment that projects of this nature should be funded through the IGA. CARIBCOM's denial of the project on the grounds cited not only assumes that coordinationhas not already been attained at the Mission level; more seriously, by not providing further opportunity for joint consideration, it has debarred the possibility of further coordination taking place, which might have enabled the salvage of a project of obvious advantage both to the military engineering training phase of MAP and to the economic development of the country, in accordance with Section 105(b) of the Mutual Security Act.

The Team recommends that appropriate instructions be issued to provide for regular Country Team meetings to ensure joint consideration by JBUSMC and USOM of training, equipment and work projects, whether MAP or civilian, in order to eliminate duplication and obtain maximum benefits from such activities.

Comment

JBUSMC and USOM representatives meet as needed. USOM reviews MAP submissions and JBUSMC reviews USOM's Country Program. USOM representatives attend the scheduled bi-weekly Embassy/JBUSMC meetings when subjects of mutual interest are discussed. These meetings will be expanded to include other members of the country Team.

The question of Engineer Construction Units is not accurately presented in the Evaluation Report. The USOM Program Officer discussed the ECU proposal with the Commanding General, U.S. Army Element, and members of his staff prior to its inclusion in the MAP. USOM raised the question of Mission support to ECUs and with ICA Director Riddleberger and O/LA Director Atwood during their visit to Brazil prior to the arrival of the Evaluation Team. (See TOICA A-107, page 3). After deletion by CARIBCOM of the ECU proposal, USOM submitted it to Washington under SPLA and "Social Development" criteria.

USOM and JBUSMC are also considering a coordinated approach to electronics training, both military and civilian, through interchange between various training facilities available or to be established.

Item 400. Internal Security and the MAP

The Evaluation Team regards it as in the U.S. interest to support democratic institutions which safeguard internal security, stability of government and the basic rights of the people and believes that the present dominant role of the Brazilian military class in domestic political affairs can be expected and should be encouraged to diminish in importance (11, 19). The assistance presently channeled to Brazilian military units and the authorized uses to which it may be put could be interpreted as aid for internal security purposes in the context of Western Hemisphere defense. Special Assistance is also provided in support of a Public Safety Program designed to equip and train police forces at State and Federal levels as a contribution to maintaining internal security and safeguarding the national interests of the United States (106, 177). Internal security needs are thus being met under present law and procedure but might not be fully covered if the role of Western Hemisphere defense were altered by the development of new weapons systems, by action on the part of Congress, or otherwise. Furthermore, the Mutual Security Act specifically discriminates against Latin America in this respect (37).

The Team finds that:

(a) for the realistic present and predictable future the prudent choice is to utilize the forces at hand;

(b) to the extent that U.S. national interests are at stake in maintaining internal security in Latin American countries the United States should not deny support to organized military forces if they constitute the most effective available instrumentality.

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Comment

The Country Team concurs with the findings of the Evaluation Team and considers that every effort should be made, including legislative action as necessary, to support such organized military, quasi-military or public security forces as consitute effective internal security safeguards.

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Publicity for MSP (Item No. 405)

The Evaluation Team observed that the United States is not widely recognized as the source of commodity assistance to Brazil and noted the general absence of the MSP "handclasp" emblem so well known elsewhere in the free world (176b).

The Team recommends that USOM be instructed to verify the absence of the "handclasp" emblem and take corrective action wherever feasible.

Comments

a) In carrying out its responsibility for MSP information, USIS, through its excellent relationship with the Brazilian public information media, has been able to place a large number of stories and photographs relating to the USOM program in Brazil. Similarly, the various aspects of the USOM program are consistently covered by newsreels, documentary films for theatrical release and use in non-theatrical USIS programs, radio, and television.

A large selection of newspaper clippings on USOM activities in Brazil was forwarded to USIA in September of this year. Newsreel coverage has been used extensively to cover such events as departures to the U.S. of USOM participant trainees, signing of a new malaria eradication agreement, inauguration of a new air-safety radio beacon, business administration conference, etc. Documentary films produced on the technical school in Curitiba, malaria eradication, home economics school, and public administration were produced and released this year. These films play in 1,200 commercial theatres for a period of about a year, and it is estimated that they are viewed by three to five million people. Television has been even more comprehensive, and radio has been used extensively for interviews.

The USOM in Brazil is known as "Ponto IV". A public opinion survey made early last year indicated that only 8% of the Brazilian population had heard the term "Ponto IV", and only 4% came reasonably close to describing what it meant. While these seem extremely low figures, another survey done at approximately the same time indicated that despite tremendous publicity at an annual estimated cost of $400,000 given to the national petroleum monopoly, only 19% of the population were aware that PETROBRAS was solely state owned. In order to identify U.S. interest, all USIS releases refer to "Ponto IV, programa de cooperação técnica dos Estados Unidos." A sustained effort has been made to keep this label before the Brazilian public in order to increase their awareness of American interest in Brazilian development. A follow up survey will be made in the next few months to determine the measure of increased awareness. Because information efforts designed to improve receptivity were sharply increased since the instance of the opinion survey, as were the substantive efforts to circulate information about Point IV, it is expected that awareness of our technical assistance activities is now much higher than it was a year ago.

It must be realized, however, that certain elements of the USOM program make it difficult to generate a great political impact through information.

1) The program itself, averaging $9.3 million during Fiscal Years 58, 59, and 60, is very small compared to the vast amounts Brazil spends for development.

2) A technical assistance program, designed for long term effect is at a disadvantage in competition with Brazilian government internal propaganda on its own spectacular construction feats.

3) Reluctance of some Brazilian officials to acknowledge U.S. assistance for fear of being labelled "entreguistas" (see below).

Under the basic agreement between the U.S. and Brazil, the Brazilians agreed to provide publicity for USOM. They have been in fact remiss in certain respects in providing adequate publicity, despite prodding from us. We continually urge them to fulfill their obligation.

USOM has already started and is intensifying its effort to ensure that all MSP equipment be marked with the "handclasp" emblem.

Equipment bought with serviço "Joint Fund" dollars is legally a host country purchase and has not been subject to the marking provisions of ICA Regulation I. Although the separate serviços have their own emblems, USOM has been aware that these symbols do not adequately depict U.S. identification with the serviço. To this end, we have developed a new design, clearly symbolizing the U.S.-Brazil cooperative relationship. We will endeavor to persuade GOB officials to adopt this, or other more effective identification, for use on equipment procured with "Joint Fund" resources.

Information on military cooperation between the U.S. and Brazil is, by agreement, the responsibility of the Brazilian armed forces. JBUSMC has, however, on occasion unofficially passed stories to the press. It is suggested that releases could be made by Washington that would generate publicity in Brazil.

In view of the controversy, both in the U.S. and here, over "excessive" arms aid by the U.S. to Latin America, and American "neglect" of development assistance, USIS has felt that in general it would be inadvisable to carry out a very extensive military publicity program. However, to correct deliberate misrepresentation, USIS has made a documentary film on the U.S. missile tracking station on the island of Fernando de Norohna. USIS has also generated publicity for the joint military operations conducted in the Caribbean (for which the Post was complemented by the United States Navy), and currently a USIS staff officer is travelling with the joint Naval exercise in the South Atlantic.

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b) The Evaluation Team evidently believes that USIS has not been given (by Embassy, USOM and JBUSMC), or has possibly failed to follow, guidlines for a positive approach to U.S. propaganda. (It is assumed that "positive," as used, means the distribution through the various media of meaningful information about the MSP in Brazil.) This is quite contrary to fact. The flow of MSP guidlines and information from the Embassy elements concerned is ample and constant. One USIS officer and a local assistant devote some fifty percent of their time in close contact work with Embassy officers and staff in developing and processing the information. MSP matters are the subject of almost daily discussion at the Ambassador's meeting which is attended by the USOM Director and the PAO. The resulting outflow of pamphlets, news and magazine stories, motion pictures, radio and television programs, all cleared in advance by USOM or JBUSMC, has been heavy in relation to the size of the MSP, and more importantly, placement has been excellent, as indicated in (a) above.

But this is only half the story; the other, and critically important aspect is public attitude, or receptivity.

Until very recently the public climate generated by ultra-nationalism, and ably exploited by the communists, was such that any action, attitude or circumstance pertaining to the U.S., including those most beneficial to Brazil, could be distorted to reflect against U.S. interests, i.e., U.S. geologists helping to map Brazil's resources were "spies" laying the groundwork for the "U.S. trusts" to take over. In the same vein, Point IV geology professors who insisted that their students at the University of Recife do their field work and earn their credits were attacked as "unfair" and "dishonest," and so on. Brazilian officials, and other men in public life who saw the merits of the U.S. position were reluctant to speak, lest they be pilloried as tools of "U.S. imperialism," or as traitors. The communists coined the much-feared label "entreguista" ("deliverer"... of Brazil's resources, independence, etc.) to attach to our hapless friends.

Under such circumstance USIS could have circulated any conceivable amount and type of "positive" information, with little effect. It became evident that what was needed was a campaign in depth that could materially affect the public climate. The key was the harnessing of the undeniable dynamics of nationalism to turn them against ultra-nationalism and communism. In other words, blind and self-destructive ultra-nationalism was to be redefined into positive nationalism - i.e., patriotism. The decision that USIS would undertake to carry out a redefinition campaign, taken two years ago, was therefore made with the greatest deliberation and with the fullest concurrence and support of the Embassy, and was in no way a happenstance jousting against the windmills of communism. (For details on this campaign, wherein among other things the label "entreguista" was made largely inoperative by the coining and intensive circularizing of an antidote "Entreguismo Vermelho" (Red Deliverers - i.e., the communist conspiracy against Brazil - see the USIS Assessment Reports for 1959 and 1960.)

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That this strategy was correct and that it did help to create the desired receptivity within which "positive" value could more effectively be propagated is evidenced by the recent presidential elections in Brazil.

The distinguished Brazilian economist Roberto Campos, in an able analysis of the meaning of the victory of the opposition, wrote, inter alia, "The nation repudiated the arrogant oversimplification by which some dubbed themselves 'nationalists' and singled out all those who disagreed as 'entreguistas'. ... If all this (i.e., the defeat of the nationalists) will result in a little humility among nationalists and 'nationalizers,' the nation will be entering into a state of grace. Oh God, how much closer to salvation we will be on the day on which we convince everyone that our problem is the organizing of development and not the mobilization of resentments." (Correo da Manhã, Rio, November 6, 1960).

As to the "positive" content, its flow was unabated and concurrent with the redefinition campaign, as is evidenced by the output placement described in (a) above.

ARA:EST/B:RHCrane:jck
(Drafting Office and Officer)
(133)

OFFICIAL USE ONLY

732.5-MSP/12-260

DEPARTMENT OF STATE

Memorandum of Conversation

DATE: December 2, 1960

SUBJECT: Conversation with Mr. Rómulo de Almeida

PARTICIPANTS: Mr. Rómulo de Almeida - Director of Bahia State Economic Planning Commission

ARA - Mr. Barall
EST/B - Mr. Crane

COPIES TO: ARA - Mr. Barall - 2 (9)
EST/B - Mr. Wilson - 3 (1cc)
Amembassy Rio de Janeiro
Amconsul Salvador

DEC 14 1960

732.5-MSP/12-260

Mr. Almeida undertook to outline in general terms Bahia's plans for economic development. He stressed the fact that development would involve Federal and State organizations as well as private enterprise.

State and Federal agencies would assume responsibility for developing power, water and transport, while private enterprise would participate in industrial and agricultural projects.

According to Mr. Almeida two of the most urgent problems concern food distribution and water supplies. He suggested the possibility of obtaining grants for the building of warehouses and developing a food distribution system which would help to solve the problems resulting from the periodic droughts.

Mr. Barall commented that this type of project may be more appropriate for consideration by DIF, rather than from the $500 million Social Development Fund.

Mr. Almeida then stated that another project which should receive priority would be the establishment of a Research Center of Natural Resources.

Mr. Barall commented that he favored such projects and believed they were basic to any long range economic planning and added he would personally support a request for assistance to establish a Research Center.

Mr. Barall assured Mr. Almeida we are anxious to be friendly with and helpful to Brazil but of course expect them to reciprocate.

FILED
DEC 15 1960

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He suggested to Mr. Almeida that he should prepare his development plans in as complete detail as possible and discuss them with Mr. Saccio of our Embassy in Rio de Janeiro who would be in a position to evaluate them and provide valuable assistance and advice as to what United States institution would be in the best position to provide assistance. He pointed out that some projects could likely be included in the announced social development program, while others would more appropriately fall within the scope of activities of ICA, DLF, EximBank or the World Bank.

Mr. Barall explained to Mr. Almeida that while there is no objection to the various states in Brazil preparing and presenting development plans, these must in general be approved by and included in the over all plans of the Federal government.

SECRET

RM/R

CLASSIFIED FILE

December 7, 1960

Document Number 32 Declassified by the NARA Central Files

MEMORANDUM FOR: Mr. David Lasser
Attorney-Adviser
International Cooperation Administration

SUBJECT: Clearance of Documents for Release to Porter Study Subcommittee - Brazil

I refer to your memorandum of November 9, 1960, attaching a copy of a memorandum of November 3 from Mr. E. O. Pimsle to you listing certain documents relating to Brazil for which Department clearance is sought.

Mr. Pimsle's memorandum lists sixteen documents which were examined in ICA by the Department Desk Officer and cleared for release on the initiative of the officer. This serves to formalize the Department's clearance for the release of these documents on a classified basis with the understanding that they be released pursuant to informal arrangements made with the Subcommittee Staff.

Also listed in Mr. Pimsle's memorandum were six documents, with copies attached, for which final Department determination as to disposition is sought. This is to advise you that the Department has no objection to the release, on a classified basis, of the following three of the six documents:

[redacted] CAS - 1/30/57
[redacted] A-1318 - 2/1/58
[redacted] A-317 - 1/30/58

Again, release is authorized on the understanding that they be released pursuant to informal arrangements made with the Subcommittee Staff.

The remaining three documents are undergoing further review in the Department.

Peter J. Romano
Staff Assistant

RM/R
Anal PJR
Rev. CJ
Dat

cc: H - Mr. Claxton
L/A - Mr. Cameron
ARA/EST/B - Miss Briggs

Clearance: H - Mr. Claxton

SECRET

U/MSC:PJRomano:pd

732.5-MSP/12-760 CS/CS

CLASSIFIED FILE

732.5-MSP/12-760

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File RM/R
Cable sent
12/30/60

INTERNATIONAL COOPERATION ADMINISTRATION

Washington 25, D. C.

DEC 27 1960

This Document Must be Returned to the RM/Records Unit

MEMORANDUM FOR: Mr. Thomas C. Mann
Assistant Secretary Inter-American Affairs, ARA
Department of State

SUBJECT: Technical Cooperation Agreement - Brazil

Attached for your clearance and dispatch is a draft cable to the Embassy in Brazil. The cable authorizes four modifications of the Technical Cooperation Agreement authorized by the Secretary of State on December 13, 1960, pursuant to Department Circular 175. These modifications were requested by Mission Director Saccio, USOM/Brazil.

The Agreement as authorized gives the Government of Brazil the right to be consulted in connection with the size and composition of the Mission staff and to approve the members thereof. The Ambassador has requested that they not be given these rights. The Brazilians do not have such rights in connection with the Embassy staff (their approval is requested only in the case of the Ambassador), and the Ambassador feels that to give such rights in the case of Mission staff might open the question in the case of Embassy staff. Paragraphs numbered (1) and (2) of the attached draft cable would delete such rights. This change would not preclude any consultations desired by the USOM.

Paragraph numbered (3) broadens the "anti-attachment" provisions of the Agreement. The Agreement as authorized frees from garnishment, attachment and similar processes, funds allocated to or derived from any program of assistance undertaken by the U. S. The suggested change would broaden such exemption to include, in addition to funds, "property" so used.

Paragraph numbered (4) would make explicit the mutual rights of the two governments to cancel the program of assistance. Mr. Saccio requested authorization to make such a change should the Brazilians think that the present wording, (which gives only the U.S. such a right) is arbitrary and unilateral.

D. A. FitzGerald
Deputy Director for Operations

Attachment

732.5-MSP/12-2360 CS/RA

FILED

JAN - 9 1961

732.5-MSP/12-2360

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

OFFICIAL USE ONLY

DATE: DEC 30 1960

TO : L - Mr. Meeker

FROM : L/E - Ely Maurer

SUBJECT: Circular 175: Change in Negotiating Text of Technical Cooperation Agreement with Brazil and Extension of Technical Cooperation Program Agreements with Brazil, Panama, and Peru

This Document Must be Returned to the Box / Central Files

732.5-MSP/12-3060 CS/RA FILED JAN 1 1961 732.5-MSP/12-3060

The Assistant Secretary for ARA is being requested to approve certain changes recommended by the Embassy-USOM at Brazil in the authorized negotiating text of a new technical cooperation agreement with Brazil, and to approve the negotiation and signature of agreements to be effected by exchanges of notes with Brazil, Panama and Peru for extension of the following technical cooperation program agreements:

(1) the Special Services Program Agreement signed at Rio de Janeiro and entering into force provisionally on May 30, 1953 (not published); (2) the Agreement for carrying out the cooperative education program effected by an exchange of notes signed at Rio de Janeiro on October 14, 1950 (TIAS 2475), and the supplementary agreement of the same date between the Institute of Inter-American Affairs and the Government of Brazil, through the Ministry of Education and Health (unpublished), both as amended and extended by agreements effected by exchanges of notes signed at Rio de Janeiro on February 18 and April 5, 1952 (TIAS 3055), June 3 and 13, 1955 (TIAS 3292), and June 29, 1960 (TIAS 4584), respectively; (3) the Agreement for Special Technical Services between the Government of the United States of America and the Government of the Republic of Panama signed at Panama City on June 26, 1952 (TIAS 2855); and (4) the Agreement for Special Technical Services between the Governments of the United States of America and Peru signed at Lima on April 13, 1954, and entered into force on May 21, 1954 (TIAS 2988).

On December 10, 1960, the Under Secretary, pursuant to Circular 175, authorized negotiation and signature of a new technical cooperation agreement on the basis of an approved text and delegated to the Assistant Secretary for ARA, subject to concurrence of L, authority to approve changes in that text. This Circular 175 action was the subject of my memorandum to Mr. Kearney dated December 5, 1960. However, before formally initiating negotiations, the Embassy-USOM have recommended that authorization be given to make certain changes in the approved text. A text substantively similar to the approved text has been under discussion with Brazilian officials for some time, and it is considered that authorization of the recommended changes at this time may facilitate expeditious conclusion of the agreement.

The recommended changes are as follows:

a. In Article III, which relates to the United States technical cooperation

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cooperation mission, the second and fourth sentences of paragraph 1 would be deleted. The Embassy-USOM are concerned that explicit statement of a Brazilian right to consultation with respect to size and composition of the mission and to register the acceptability of the Director and other members of the mission may lead to excessive Brazilian demands for controls over what is primarily an internal United States decision.

b. In Article IV, which relates to rights and exemptions, paragraph 1 would be amended to delete the phrase "and whose entrance into the country has been approved by the Government of Brazil under the terms of Article III hereof". While this phrase was intended to recognize the power of Brazil to control entry of persons into that country, the power, of course, exists independently, and the Embassy has expressed concern, not only for the reasons mentioned in a above, but also because this expression might give rise to Brazilian controls over entry of Embassy personnel.

c. Also in Article IV, Embassy-USOM request authority to insert in paragraphs 3 and 4, which relate to exemption of items from charges and controls, the words "or property" after "funds" wherever the latter appears. While it would be requested that this insertion could be deleted in turn, should the Brazilians object, the purpose of its proposed insertion is to broaden the scope of exemptions from charges and, more important, controls.

d. In Article VII, paragraph 3, which relates to the right to terminate programs of assistance, would be amended to provide that Brazil, as well as the United States, may exercise this right. This change is intended to provide reciprocal rights, would be consistent with a number of other agreements in the assistance field, and is considered not to prejudice obligations which may be owed to the United States under basic and implementing agreements should the right to terminate the programs of assistance themselves be exercised.

All four technical cooperation program agreements listed above would be extended for a period one year from the present, common termination date of December 31, 1960. However, all the agreements to be extended provide for termination at a date earlier than that set, after 60 days or three months' written notice by either party of intention to terminate. All the agreements to be extended state the obligations of the parties thereunder are subject to availability of appropriations.

Except for

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Except for the proposed agreement extending the Special Services Program Agreement with Brazil, which will enter into force only after notice of ratification is given by the Brazilian Government, the proposed extension agreements would have retroactive effect assuming the affirmative reply of the respective Governments. All of such extension agreements, as well as the agreements to be extended, are pursuant to and in implementation of the basic technical cooperation agreements with the respective governments. In the case of Brazil, the basic Agreement relating to technical cooperation was effected by an exchange of notes signed at Rio de Janeiro on December 19, 1950 (TIAS 2239), as amended and extended by the Agreement effected by an exchange of notes signed at Rio de Janeiro on January 8, 1952 (TIAS 2626). In the case of Panama, the basic agreement is the General Agreement for Technical Cooperation signed at Lima on January 25, 1951, as amended and clarified (TIAS 2772).

These four extension agreements are considered operational agreements covering ICA operations authorized by statute and implementing the respective basic international aid agreements. On August 7, 1956, the Secretary authorized, on a blanket basis, the negotiation and signature of such agreements at the diplomatic level in cases where the Assistant Secretary primarily concerned is satisfied that the appropriate clearances, including L, have been obtained.

The Special Services Program Agreement with Brazil was ratified November 12, 1959. Since, by its terms, extension is not provided for, the extending agreement itself apparently must be ratified. The new general technical cooperation agreement, mentioned above, will not enter into definitive force until after ratification. When it does enter into definitive force, it will supersede the Special Services Program Agreement. However, the Embassy in Brazil feels that certain benefits with respect to customs treatment may accrue through extension of the Special Services Program Agreement despite the need for ratification and impending supersession.

The statutory authority for changes in the negotiating text of the technical cooperation agreement with Brazil and for extension of the two technical cooperation program agreements with Brazil and one each with Panama and Peru is found in title III of chapter II of the Mutual Security Act of 1954, as amended. Section 302 of this title, in particular, authorizes "the President to furnish assistance in accordance with the provisions of this title through bilateral technical cooperation programs." Section 307 authorizes the President to make and perform contracts and agreements in respect to technical cooperation programs on behalf of the United States Government. Under section 101(a) of Executive Order 10893, these functions are among those delegated to the Secretary of State.

Neither the proposed changes in the negotiating text of the general cooperation agreement with Brazil nor the four extension agreements are considered to affect internal United States law, and, in the light of the foregoing authority, I consider that the agreement as proposed to be amended and the extension agreements may properly be entered into as executive agreements.

0573

agreements. The provisions in the agreements being extended are authorized under Title III of the Act and no additional requirements have come into existence since these agreements were concluded which need to be met. I recommend that you initial the attached telegrams to Rio, Panama City, and Lima.

Attachments:

As stated

KEM

L/MS:KEMalmborg:pem

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SECRET This document consists of ... pages.
Number 1 of 2 copies, Series A

DEPARTMENT OF STATE
MUTUAL SECURITY
Inspector General and Comptroller

JAN 11 1961

1/11/61

MEMORANDUM FOR: U/MSC - John O. Bell

SUBJECT: Evaluation Report of the Mutual Security Program for Brazil

Reference is made to my memorandum of September 30, 1960 which forwarded for your attention the subject report.

We note that whereas the Department of Defense furnished its comment on this report on November 17, 1960, we have not yet received comment from the Department of State. We know, however, that it was distributed within the Department of State, for action, by U/MSC memorandum dated October 6, 1960. The Department of Defense comments which will be of particular interest to you are as follows:

POLICY ATTITUDES

Para. 396: New Look in Relations with Brazil
Para. 400: Internal Security and MAP

In accordance with the last sentence of Para. 3 of the State Department letter of transmittal, the Department of Defense will await State Department initiative on the above two subjects.

SPECIFIC EXECUTIVE ACTION

Para. 399: Improve Relations to JBUSMC and USOM

By Department of Defense instructions to CINCARIB, dated 5 January 1956, the Chief of the Army Section of the U. S. Delegation to the Joint Brazil - U. S. Military Commission was designated as Chief of MAAG-Brazil. As such, he is responsible to the Chief of the U. S. Diplomatic Mission under the provisions of Executive Order 10575, dated 6 November 1954, (superceded by Executive Order 10893, dated 8 November 1960) and will attend meetings as called by the Ambassador.

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CONTINUING OR CONTINGENCY ACTION

Para. 176: (Gray Book) Support of Information Program
Para. 397: Factors in Military Sales Program

In accordance with the last sentence of Para. 3 of the State Department letter of transmittal, the Department of Defense will await State Department initiative on the above two subjects. For your information, in reference to Para. 176, the Chief MAAG is always available to participate and contribute in a program of this nature.

Para. 395b: Extension of Noronha Agreement

On August 6, 1960, in a letter from the Acting Assistant Secretary of Defense (ISA) to the Under Secretary of State, Mr. Livingston Merchant, the State Department was advised that there would be no Defense Department requirement for the Fernando de Noronha facilities after January, 1962, when the present agreement expires. Defense Department concurred in advising the Brazilians, at any time the State Department considered appropriate, that the United States does not intend to seek renewal of the agreement.

In connection with the foregoing, Defense advised State that: (1) withdrawal from the Fernando de Noronha would require relocation of some communications equipment from the Island to Recife for operation there on our behalf by Brazilian Army authorities; (2) in the distant future, there would be a probable requirement for use of a glider landing strip on the Brazilian mainland (at Fort Aleza). Use of the facilities would probably be limited to occasional glider landings during 1963 and late 1965 in connection with the DYNA SOAR development program; (3) that it appears that when arrangements with the Brazilian Government for the latter become appropriate, it may be possible to conclude them without provoking extensive national tension in Brazil or a demand for a quid pro quo.

James E. Nugent
Acting

U/IGC:EV:GGAllen:jek

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F.W. 232·5-458/1-1161


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R/MR

732.5-MSP/1-1261

JAN 12 1961

Dear General Johnson:

Thank you for your letter of November 17, 1960 furnishing Department of Defense comments on the Evaluation Report of the Mutual Security Program for Brazil. We are taking further action within the Department of State in connection with the Department of Defense comment on Paragraphs 176, 395b, 396, 397, 399, and 400.

"J. B. Hugent"

James B. Hugent
Acting

Major General Douglas V. Johnson, U.S.A.,
Director of Policy Review,
International Security Affairs,
Department of Defense.

RM/R
Anal 32
Rev
Cat

U/IGC:EV:GGAllen:jek 1/12/61

March 31, 1961

Dear Mr. Neve:

Since I wrote to you last month, I have discussed with several people in ICA your letter to Secretary Rusk outlining a program of increasing wheat production in Brazil.

From these discussions I understand that ICA is now assisting the Government of Brazil in a program of technical cooperation designed to increase production of needed food crops mainly by training agricultural workers and developing institutions of agricultural research, extension, and education. Part of this assistance is directly related to increasing grain production. For example, in 1958 a project was initiated to aid the Brazilian Ministry of Agriculture's Agronomic Institute of the South in testing and increasing grain and vegetable seed and other propagating material. Our ICA Mission in Brazil is now working with the Brazilian Ministry of Agriculture on an agricultural research project designed specifically for West-Central Brazil. Consideration will undoubtedly be given to the development of improved varieties of wheat and other grains adapted to the area. There is now a Brazilian research station in the Goias Plateau area and it is the understanding of ICA technicians who have been to Brazil that attention is being given to the development of improved varieties of wheat.

In view of the thoughtful suggestions made in your letter, a copy has been sent to the ICA Mission in Brazil.

Sincerely yours,

Milton Barall
Deputy Assistant Secretary
for Inter-American Affairs

RM/R
Anal
Rev
Cat

Mr. C. W. Neve,
5021 Kenwood Avenue,
Chevy Chase 15, Maryland.

ICA:O/FOOD,Cereals Br:PJohnson:ed 3/27/61

EST/B

S/S-CR

MAR 31 1961 MAR 28 1:57 PM

1992-1/dsw-s.33

0581

ARA
RNR

February 13, 1961

Dear Mr. Nave:

On behalf of Secretary Rusk I should like to thank you for your letter of January 26, 1961, outlining a program whereby the United States Government could assist Brazil in improving its wheat-growing industry. It is obvious that you have given much thoughtful consideration to one of Brazil's major problems.

Your proposal is currently being reviewed by officials of the Department of State and ICA and, on the basis of their study and comments, I expect to be able to reply to you in more detail within the next few days.

Sincerely yours,

Milton Barall
Deputy Assistant Secretary
for Inter-American Affairs

Mr. C.W. Nave,
5221 Kenwood Avenue,
Chevy Chase 15, Maryland.

ARA:EST/B:RHCrane:jck 2/8/61

DoS/S-CR
FEB 9 1961 PM
FEB 13 1961

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ARA ROUTING SLIP

**Please circulate the attached in the numerical order indicated after the office symbols.

**The action office is circled.

ROUTING		
Office	Routing Order	Copy to
ARA		
DAS		
COAS		
SPE		
ARA/P		
EX		
RPA		
RPA/		
REA		
REA/		
EST	1 CAE LAW	
EST/R	2	
WST		
WST/		
CMA		
CMA/		
OAP		
OAP/		

ACTION REQUESTED

1. For preparation of reply to be signed by:
   ARA ☐
   DAS ☒
   ☐
2. No reply appears necessary ☐
3. For appropriate handling ☐
4. For information ☐
5. For clearance ☐
6. ☐
7. ☐

Please furnish ARA with copy of reply or inform this office of action taken.

COMMENTS:

Reply cleared in EST/IB 11/8/61. Copy will be sent to Ro.

PROPOSED DUE DATE 11-1

Date 11-1 Initials [illegible]

0583

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT
January 30, 1961

1012

ARA - Mr. Ortiz

Letter to the Secretary from C. W. Nave dated January 26, Re Aid to Brazil

For direct reply.

C J
Charles Johnson
S/S-RC
Ext. 4154

cc: ICA - ~~Miss Kay~~ Mr. Johnson Ext. 7671
E - Mr. Griffith

0584

C. W. NAVE
5221 KENWOOD AVENUE
CHEVY CHASE 15, MARYLAND

February 1, 1961
1012

January 26, 1961

reply drafted
3/27/61 ICA:O/FooD -
P. Johnson:ed

The Honorable Dean Rusk
Secretary of State
2201 C Street, N.W.
Washington, D.C.

Dear Mr. Secretary:

I identify myself as the former Vice President, General Manager and Director of the Atlantic Refining Company of Brazil, having retired after thirty-six years of residence in that country. With active business operations in every state of Brazil, I know the country, perhaps, better than most Brazilians. I have met you and I knew your brother quite well while he was in Rio de Janeiro reorganizing the BRAZIL HERALD, the only English-speaking daily in Brazil.

X-R
832.2311

I am responding to President Kennedy's exhortation - what can you do for your government? I suggest that searching consideration be given toward our government providing Brazil with our accumulated "know how" and expert guidance in the development of a quick maturing, high yielding hybrid wheat; the area for this program would be that expansive heartland plateau, almost three thousand feet above sea level, on which Brasilia, the new capital, is located.

Wheat and wheat flour importations constitute the second heaviest drain on Brazil's limited foreign exchange avails, being exceeded only by petroleum and petroleum products. During 1960 this drain must have been in the area of some 150,000,000.00, or over 10% of Brazil's total importations. This can and must be corrected; I hope our government may have the credit for this noble accomplishment.

RM/R
Amb.
Rev.
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There is adequate rainfall on the Goyaz Plateau for a quick maturing wheat. The soil is not ideal; however, with the steadily developing fertilizer industry in Brazil, there is reason to believe this deficiency, where it exists, can be corrected.

Wheat production has been discouragingly thwarted in the State of Rio Grande do Sul, on the south, due to inadequate transportation. On the other hand, the Goyaz Plateau could be served efficiently by extending the broad guage Paulista Railway from its present terminus on the northern border of the State of Sao Paulo, across the Minas Triangle, into Goyaz. The Paulista is the best [illegible] railroad in South America.

Thus, if a quick maturing product could be developed, it could be assured prompt, direct transportation to the two largest consuming areas of Brazil - Sao Paulo and Rio de Janeiro.

Brazil is rapidly developing the manufacture of tractors within its own borders; thus, ample tractor power should be available for large scale mechanized wheat farming if the program visualized succeeds.

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APR 7-1961

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A very small cash outlay would be required from our government; we supply the "know how" and guidance; Brazil must finance the project and do the work.

As President Kennedy said in his inaugural address: "This cannot be accomplished in the first one hundred days, nor the first one thousand days, etc. etc..." but a start must be made. I believe it is reasonable to expect this program could come to productive fruition within ten years if:

(1) We make available to Brazil our vast "know how" on plant sciences, and

(2) We guide their program of intensive research and practical experimentation.

This suggestion will be repugnant to our wheat-growing states, and, therefore, to certain sectors of our government. However, if our Latin American policy is to be successful, I believe we must cast aside certain selfish and sectional attitudes in our longer term objective; we must point the way to every Latin American country improving its standard of living, becoming more independent economically and therefore a stronger political entity.

And, perhaps, just as important, I feel we must build our policy around a strong Brazil, the largest country in South America and the one which staunchly supported us during two world wars.

If we do not aid Brazil in coming to self-sufficiency in wheat and wheat flour, Russia may very well step forward to do the job. Let us not permit this.

I am sure, Mr. Secretary, with your own intimate association with the splendid work of the Rockefeller Foundation and the Basic Economy Corporation, which have made outstanding contributions in the development of hybrid products in other foreign lands, you can appraise this suggestion with wisdom.

Respectfully submitted,

C. W. Nave

C. W. Nave



OPTIONAL FORM NO. 10
5010-104

UNITED STATES GOVERNMENT

Memorandum

TO : EST - Mr. Hemba

DATE: January 27, 1961

FROM : ARA - Mr. Cocke

SUBJECT: Northeast Brazil

At lunch on January 26 Russell Wirth of the DLF indicated considerable interest in the problem of devising an adequate economic program to safeguard our political objectives in Northeast Brazil. He indicated his willingness to work on this problem and to brief the new Director of the DLF.

I suggest that you have an early meeting with him and Johnny Johnston, or an appropriate ICA official, in order to see what role, if any, the DLF might play.

cc: ARA - Mr. Barall

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OCT-4 1961

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CONFIDENTIAL

DEPARTMENT OF DEFENSE
OFFICE OF GENERAL COUNSEL
WASHINGTON 25, D. C.

February 14, 1961

MEMORANDUM FOR MR. K. E. MALMBORG, JR., L/MS
DEPARTMENT OF STATE

SUBJECT: Agreement for Disposition of Military Equipment

Please excuse the long delay in giving you my comments to your proposed reply to Embassy Despatch No. 254.

1. With respect to paragraph 2 of the draft message, I suggest the following substitute language:

"Obligations United States wishes GOB to assume under this paragraph are not made clear by language employed. Nub of problem is that, since MDA Agreement of 1952 cast in terms of materiel 'each Government will make or continue to make available to the other', proposed GOB language could be read as entirely excluding right U.S. authorities to call attention of Brazilian counterparts to materiel U.S. furnished GOB. If intent GOB proposal in fact is also to cover materiel GOB might possibly in future furnish U.S., or sentence otherwise meant to convey this idea for political reasons, following sentence should be inserted at end paragraph 2:

'Each contracting party may also inform the other, through the personnel referred to in the first sentence of this paragraph, of any such materiel which may come to the attention of either party, and when so informed, the party so notified shall enter into consultation with the party giving notification with a view to disposing of any such materiel furnished by the latter to the former according to the procedures set out in the following paragraphs:'

Signed
James Jay Allen

CONFIDENTIAL

Office of the Asst Gen'l Counsel, Affairs

"If on other hand, GOB by proposed language paragraph 2 intends U.S. notification to GOB would only concern materiel U.S. furnished GOB, this intention should be made clear by written understanding to cover substance U.S. language on this point paragraph 1, A-164."

"With regard duty Brazilian authorities to notify U.S. of materiel, originally furnished to Brazil by U.S., considered unnecessary by GOB, this obligation reasonably clear, especially in view proposed paragraph IV. As drafting change, however, word 'will' in first line should be changed to 'shall'."

2. While concurring your view with respect paragraph 4 GOB proposal, believe revision should begin as follows:

"After notification in accordance with paragraphs 2 and 3, the Assignor . . . ."

The use of the above language will ensure that the right to indicate the materiel for return exists also in the case where the U. S. originally brings to the attention of GOB materiel held by the latter which U. S. considers unnecessary.

3. The revised language proposed for paragraph 6 by the draft message has been amended, but shall retain the substance of the GOB proposal and your revision:

"The Assignee of the materiel, the return of which was determined in accordance with paragraph 4, shall deliver it at a port, air port or other point of embarkation, designated by mutual Agreement between the Contracting Parties, in the national territory of the Assignee."

4. Paragraph 7 would then read as follows:

"It is understood that the Assignee will bear only the expense of transportation and loading of the materiel to be returned as far as the port of embarkation."

This wording, contained in the first Brazilian draft and accepted by the United States in A-164, would ensure that the United States would not be responsible for the costs relative to the materiel until after loading had been completed and also that the MAAG would not have to maintain possession of it at the point of embarkation pending its loading.



5. With respect to paragraph 8, I agree with the explanatory statements in the draft message, but would prefer the following language, also taken from a previous draft:

> "Materiel determined to be no longer necessary and not selected for return by the Assignor will as soon as possible be disposed of by mutual agreement between the Contracting Parties."

JAMES JAY ALLEN
Office of the Assistant General Counsel
International Affairs

0590

March 11, 1961

In reply refer to
ARA:EST/B

Dear Mr. Pensec:

I have your letter of February 27, 1961 in which you requested information regarding United States assistance to Brazil.

Enclosed are some materials which I believe will be of help to you. You will find the text of the Act of Bogotá, referred to in the pamphlet entitled "Social Implications of the Act of Bogotá," in the State Department Bulletin of October 3, 1960, which is available at most public and university libraries.

The Social Development Program for Latin American countries envisaged by the Act of Bogotá is expected to include projects in Brazil. Our Congress has already authorized a $500,000,000 fund for the Program, but has not yet appropriated the money. Initiation of projects under the Program must necessarily await the congressional appropriation.

Sincerely yours,

J. W. Wilson
Officer in Charge, Brazilian Affairs

Enclosures:

1. Social Implications of the Act of Bogotá
2. The Land Problem in the Americas
3. U.S. Technical Cooperation with Brazil
4. Briefing Paper - Brazil
5. Two Addresses by Howard R. Cottam

Mr. John Pensec,
Assistant Cashier,
Community Bank,
Maywood, New Jersey.

Clearance: REA - Mr. Sinn (substance)

ARA:EST/B:LTBrigger:jok 3/8/61

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MAR 9 1961 PM
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Pltcl Draft
EST/B:LT Briggs
3/8/61

COMMUNITY BANK
OF BERGEN COUNTY, N. J.



Offices at ROCHELLE PARK AND MAYWOOD, N. J.

1961 MAR 17 PM 12 25

MAYWOOD OFFICE
MAYWOOD, N.J.

February 9, 1961

ACTION:
INFO:
RM/R FILES

Department of State
Washington, D. C.

Gentlemen,

I am currently doing an extensive study on Latin American affairs and problems which is being centered specifically around Brazil. I would appreciate it very much if your public information section would be kind enough to send me information regarding assistance given by the United States to Brazil in the past, at the present, and what is being intended in the future under the new administration. Specific areas in which I am interested are political, economic, financial and social.

Any assistance that you may be in a position to render will be greatly appreciated.

Very truly yours

John Pensec, Assistant Cashier

JP/ms

FILE
MAR 21 1961

732.5MSP/2-961
Fld Estb:LTBriggs
3/8/61

PM/R.S.
April 27
CV

If this does not come under your jurisdiction, I would appreciate your forwarding this to the proper section.
J.P.





BRAZIL

SECRET

This document consists of two pages. Copy 3 of 4 copies. Series B.

ARA

7925

5/S

May 14, 1961
5:45 p.m.

TO : The Acting Secretary

THROUGH : S/S

732.5 MSP
XR 611.32

FROM : ARA - Mr. Coerr

SUBJECT : President Quadros' Attitude on Neutralism and Cuba

I have prepared the following summary with attached documents in response to the White House's urgent request of this afternoon to receive them today:

As a presidential candidate, Quadros visited Cuba in April 1960 and initially voiced praise of it and saw no Communist infiltration in it, and later indicated displeasure that it had deviated from its initial inspiration to the point of endangering hemispheric security. He announced in October that, should he be elected, Brazil would pursue a policy of "absolute independence" and renew relations with the USSR and Bloc countries. He again praised Cuba in January 1961.

As president, Quadros devoted his inauguration speech of January 31 (Appendix A) chiefly to stating economic and financial difficulties and affirming sound policies to meet them. On February 3, however, he took steps to establish diplomatic relations with Bloc countries. On February 15, he exchanged friendly telegrams with the Presidents of Yugoslavia and Cuba as well as with Khrushchev. He also said Brazil would vote in favor of including in the UN agenda the question of admitting Communist China. In February 1961, Quadros granted an interview to the Director General of Cuba's Prensa Latina and accepted from him a picture of Che Guevarra (for preceding items, see Appendix B).

In his message to Congress in March 1961 (Appendix C), Quadros declared that Brazil 1) would assume a "more affirmative and independent" foreign policy; 2) would remain democratic and have a duty of "contributing toward...reduction of international tensions"; 3) believed the best way to do so would be to establish advantageous contacts between "countries of divergent ideology"; 4) could not ignore the "vitality and dynamism of the socialist states"; and 5) would remain loyal to the inter-American system.

On May 10, Quadros issued a press release on foreign policy (Embassy Rio telegram No. 1567, Appendix D) that, with regard to the Cuban situation, asserted Brazil would 1) support "self-determination" of Cuban peoples; 2) oppose any "foreign intervention, direct or indirect, to impose upon Cuba any form of government" and would consider military as well as economic and ideological intervention to be improper; 3) not recognize in any American state a political regime which results from clearly manifested interference by a foreign power (Embassy Rio telegram 1571). Our Ambassador commented that Brazil is continuing to sit on the fence, but "perhaps more on the western than eastern side."

In April, Quadros joined with Argentine President Frondizi in a statement

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that, inter alia, praised the Alliance for Progress and urged the repelling of "direct or indirect interference of extra-continental factors" (Embassy Rio telegram No. 1480, Appendix E). In early May, he urged Cuban President Dorticos to treat the revolutionary prisoners with clemency, and he tacitly refused to respond to Dorticos' ensuing condemnation of the United States (Embassy Rio airgram No. G-380, Appendix F). On the other hand, Quadros has sent a Brazilian trade mission to Moscow, has agreed to receive a Soviet cultural mission (Embassy Rio telegram No. 1558, Appendix G) at Rio and has invited President Tito to Rio.

Comment

In Embassy Rio telegram No. 1579 (Appendix H) of May 12, 1961, Ambassador Cabot expressed concern at the tendency to assist Quadros despite Quadros' constantly manifested indications of neutralism. ARA believes it may be possible to exert pressure on Quadros against neutralism and in favor of a more pro-western attitude, but that the extent of United States commitment and Brazilian expectations regarding the currently considered financial package is so great that to cancel or delay it at this stage would result in Quadros' becoming more rather than less neutralist. Quadros will continue to want our help, especially in the form of loans and PL-480. Working in our favor is a rising feeling in Brazil against Quadros' foreign policy. We should carefully study how to strengthen this feeling and how to get the best use of our total bargaining position.

Appendices:

A - Rio D-582 2/3/61
B - Rio ALUSNA report IR 24-61, 3/14/61
C - Rio D-850 3/23/61
D - Rio 1567 5/10/61
E - Rio 1480 4/25/61
F - Rio G-380 5/3/61
G - Rio 1558 5/9/61
H - Rio 1579 5/12/61 (cc 062)

cc: Task Force /through ARA:STA/ - 5/15/61 (cc 1 of 4, Series B)
ARA:STA - 5/15/61 (cc 2 of 4, Series B)
" " " " (cc 4 of 4, " ")

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ARA:WDeRCoerr:lms 5/14/61

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CONFIDENTIAL NUMBERED
Control: 7668
Rec'd: May 12, 1961
1:29 p.m.

FROM: Buenos Aires

TO: Secretary of State

NO: 1449, May 12, 1 p.m.

PRIORITY

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INFO: RM/R FILES

This taken into consideration in drafting circular telegram re aid to Brazil

Capacity GOA and other influential sectors Argentina understand rationale reported US-disposition accord substantial financial assistance Brazil particularly at this time being given hard test by spate of frontpage stories datelined Brazil and Washington. These say Brazilian Foreign Minister Arinos statement on Cuba was rude blow to US which is nevertheless going ahead with large aid package for Brazil.

Sometime ago discussed with then minister economy also Garay rationale for smaller stop-gap grant to Brazil to help Quadros and GOB through difficult transition period. Also Garay was, as always, understanding of political and economic realities behind our contemplated move, but clearly warned of adverse consequences here should ultimate large GOB aid package give Brazil more favorable terms than those applicable Argentina, 1958. Believe his forecast even more valid with him gone from government.

Recommend Department consider making statement when Brazil aid program announced which would frankly recognize that Argentina; Chile, Colombia, and other countries have undertaken stabilization programs with US cooperation which have had profoundly beneficial effects, even though, of course, in varying degrees depending on conditions each country, and thus US hopes Brazil program, which will require all-out effort of Brazilian people, will do same.

Statement should also broadly indicate nature of internal economic

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economic readjustments and temporary sacrifices which program for Brazil will entail and emphasize assistance accorded exclusively in light resolve GOB adopt sound economic measures. Department may also wish consider giving me outline nature terms and conditions of program for me to convey to President Frondizi and Economy Minister Alemann prior its public announcement to have reread DEPTEL 1532 sent Rio 1548 April 25 which provides no information respecting Brazilian obligations.

RUBOTTOM

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47-H
Action

Control: 8033
Rec'd: MAY 12, 1961
8:51 PM

ARA
Info

FROM: RIO DE JANEIRO

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TO: Secretary of State

INFO:
RM/R FILES

NO: 1579, MAY 12, 6 PM

LIMIT DISTRIBUTION.

I MUST EXPRESS MY INCREASING CONCERN AT EVIDENT TENDENCY TO GIVE JANIO EVERYTHING HE WANTS AND CAN USE FOR SOME YEARS TO COME DESPITE HIS CONSTANTLY MANIFESTED INDICATIONS OF NEUTRALISM. MY CONCERN ARISES ON THREE PRIMARY BASES:

(1) WE DO NOT YET SO FAR AS I KNOW HAVE ANY VERY SATISFACTORY ASSURANCES THAT BRAZILIAN GOVERNMENT WILL TAKE NECESSARY STEPS TO ESTABLISH AND MAINTAIN A FINANCIAL POLICY WHICH WILL MAKE HELP WE HAVE GRANTED EFFECTIVE. WITH A LOT OF NEW MONEY GOB MAY WELL NOT MAINTAIN ADEQUATELY AUSTERE POLICY. MOREOVER STRETCH-OUT OF OLD DEBTS WILL, I GATHER, CONTINUE INTO FOLLOWING ADMINISTRATIONS. WE OBVIOUSLY HAVE NO WAY OF TELLING WHETHER LATTER WILL MAKE ADEQUATE ARRANGEMENTS TO MAINTAIN REQUIRED SERVICE ON DEBTS. IN VIEW OF JANIO'S PAST RECORD AND DEPARTMENT CIRCULAR TELEGRAM 1175 WHICH IMPLIES IMF IS SATISFIED WITH BRAZILIAN COMMITMENTS, I AM NOT HOWEVER TOO WORRIED ON THIS POINT.

(2) AT PRECISE MOMENT THAT JANIO IS ABOUT TO RECEIVE MASSIVE AND VITAL AID FROM US TO CLEAN FINANCIAL HOUSE, JANIO HAS AGAIN PERSONALLY STRESSED BRAZIL'S NEUTRALITY IN CUBAN QUESTION. THIS IS LAST OF LONG SERIES OF MOVES ON HIS PART TO SWING BRAZIL'S FOREIGN POLICY FROM INTER-AMERICAN ALIGNMENT TO NEUTRALISM. IF HE DOES THIS WHILE DESPARATELY NEEDING OUR HELP, WHAT IS HE LIKELY TO DO WHEN HE NO LONGER DOES? THERE IS CONSIDERABLE EVIDENCE THAT HE FEELS HE CAN AFFORD TO PLAY FAST AND LOOSE WITH US BECAUSE WE WILL NOT REACT ADVERSELY WHEREAS REACTIONS MAY OCCUR ON PART OF THOSE HE IS SEEKING TO APPEASE IF

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-2- 1579, MAY 12, 6 PM, FROM RIO DE JANEIRO

APPEASE IF HE DOES NOT DO WHAT THEY WANT. WE MUST REMEMBER THAT, HAVING RECEIVED OUR AID, HE IS MORE LIKELY TO PURSUE NEUTRALIST COURSE THAN IF WE HAD BEEN LESS GENEROUS WITH OUR AID SINCE HE WILL WISH TO SHOW HE CANNOT BE BOUGHT. THERE IS ALSO POINT THAT IT IS UNWISE TO TREAT THOSE WHO TREAD ON OUR TOES DELIBERATELY BETTER THAN THOSE WHO RESPECT OUR RIGHTS AND INTERESTS. WE SHOULD MOREOVER KEEP IN MIND EFFECT OF THIS OPERATION ON OPPOSITION IN BRAZIL WHICH FOR NUMBER OF REASONS IS NOT LIKELY TO LIKE IT.

(3) QUITE APART FROM BRAZIL-US RELATIONS I SHOULD IMAGINE MASSIVE AID TO BRAZIL TODAY WILL PRODUCE PROBLEMS WITH OTHER COUNTRIES. ONE OF REASONS THAT WE ARE UNDER SUCH PRESSURES TO HELP ALL OVER WORLD IS PRECISELY FACT THAT WE HAVE SHOWN OURSELVES SUSCEPTIBLE TO SUCH PRESSURES. I FEAR OTHERS BESIDE JANIO WILL THINK MAKING A NUISANCE OF ONE'S SELF IS BETTER TACTICS THAN BEHAVING.

ALTHOUGH I REALIZE IT IS PROBABLY TOO LATE TO MODIFY COURSE OF EVENTS, I REPEAT MY RECOMMENDATION (EMBASSY TELEGRAM 1447) THAT WE SHOULD ADOPT POLICY OF SHORT REIGN IN GIVING AID TO PRESENT BRAZILIAN GOVERNMENT. IN OTHER WORDS, WE SHOULD GIVE IT HELP IT MUST HAVE BUT WE SHOULD BE VERY SURE THIS DOES NOT REACH POINT AT WHICH IT WILL NOT NEED HELP FROM US AGAIN AT EARLY DATE. GRATITUDE BETWEEN GOVERNMENTS IS A LIVELY SENSE OF FAVORS TO COME; WE SHOUULD, THEREFORE, EXAMINE EVERY NEW COMMITMENT OF NEW MONEY TO DETERMINE WHETHER BRAZIL NEEDS IT IMMEDIATELY OR WHETHER IT CAN BE USED AS A CARROT TO GET BRAILIANS TO ACT INCREASINGLY AS WE WANT THEM TO ACT.

CABOT

JAA:WP

*Reference believed to be Circular 1775

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Info SS G SP L H SB SO EUR IO E PX IOP INR RMR

Control: 19784
Rec'd: MAY 31 1961 AM 10:07
7:05 PM

ACTION
INFO:
RM/R FILES

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 1733, MAY 31, 4 PM

DESPITE MARIANI'S STATEMENT TO PRESIDENT KENNEDY THAT QUADROS "HAD BEEN MOVING WITH INCREASED RAPIDITY" AWAY FROM PRO-CASTRO POSITION ((DEPARTMENT TELEGRAM 1694)) WE BELIEVE IT WOULD BE MISTAKE TO EXPECT RAPID REORIENTATION QUADROS POLICY VIS-A-VIS CUBAN PROBLEM UNDER PRESENT CIRCUMSTANCES. WHILE WE DO NOT BY ANY MEANS EXCLUDE POSSIBILITY EVENTUAL SHIFT QUADROS CUBA POLICY IN OUR FAVOR, WE BELIEVE HE REGARDS CONSIDERATIONS WHICH GAVE RISE TO PRESENT POLICY AS STILL LARGELY VALID AND THAT HE WILL ENDEAVOR EXHAUST BENEFITS THIS POLICY BEFORE MOVING TO NEW GROUND. ALTHOUGH ONE OF THESE CONSIDERATIONS IS ALMOST CERTAINLY THAT CITED BY MARIANI -- I.E. THAT QUADROS HAS FELT OBLIGED APPEASE LEFT THROUGH FOREIGN POLICY CONCESSIONS IN ORDER KEEP THEM OFF HIS BACK IN FIELD DOMESTIC POLICY -- WE SUSPECT THIS JUSTIFICATION MAY HAVE BEEN WORKED FOR MORE THAN IT IS WORTH. THERE ARE IN OUR VIEW OTHER FACTORS OF AT LEAST EQUAL IMPORTANCE WHICH BEHIND QUADROS CUBA POLICY AND WHICH WILL CONDUCE TO ITS CONTINUANCE, AT LEAST OVER SHORT TERM. PRINCIPAL AMONG THESE FACTORS ARE FOLLOWING:

1) CUBA POLICY CONSPICUOUSLY AT VARIANCE WITH THAT OF US SUITS QUADROS PURPOSE OF DRAMATIZING NEW-FOUND "INDEPENDENCE" OF BRAZIL IN INTERNATIONAL FIELD;

2) WHILE HE UNDOUBTEDLY FINDS CERTAIN ASPECTS CASTRO'S CONDUCT REPREHENSIBLE, QUADROS IS INSTINCTIVELY ATTRACTED BY REVOLUTIONAY NATURE CASTRO REGIME AND BY ITS SWASHBUCKLING DEFIANCE OF "COLOSSUS OF NORTH";

3) HE

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-2- 1733, MAY 31, 4 PM, FROM RIO DE JANEIRO

3) HE DOES NOT YET CONSIDER CUBA REAL THREAT TO BRAZIL OR TO HEMISPHERE (DESPITE STATEMENT MADE TO ME RECENTLY BY SECRETARY GENERAL FOREIGN OFFICE THAT QUADROS "MUCH MORE ALIVE TO DANGERS OF CASTROISM THAN HE GENERALLY GIVEN CREDIT FOR");

4) PRESSURES GENERATED BY DOMESTIC OPPOSITION TO HIS CUBA POLICY NOT YET SUFFICIENTLY STRONG TO FORCE HIM TO ALTER THAT POLICY (IN THIS CONNECTION RECENT ANNOUNCEMENT MASSIVE US AID TO BRAZIL WITHOUT POLITICAL CONDITIONS HAS AT LEAST TEMPORARILY UNDERCUT OPPOSITION EFFORTS DISCREDIT QUADROS "INDEPENDENT" FOREIGN POLICY);

5) HE ASPIRES SERVE AS MEDIATOR IN PEACEFUL SETTLEMENT CUBAN PROBLEM, WHICH HE CONTINUES REGARD AS BILATERAL ONE BETWEEN US AND CUBA, AND THEREFORE FEELS BRAZIL MUST MAINTAIN VIABLE RELATIONSHIP WITH CUBA AS WELL AS US UNTIL TIME IS RIPE FOR SUCH MEDIATION.

ANY SIGNIFICANT FUTURE SHIFTS IN GOB CUBA POLICY (AND SAME COULD BE SAID OF GOB FOREIGN POLICY IN GENERAL) ARE LIKELY BE DETERMINED BY PRESIDENT HIMSELF ON BASIS HIS OWN ASSESSMENT HIS AND BRAZILS SELF-INTEREST (WHICH HE WILL DEFINE IN TERMS HIS DESIRE MAKE HIMSELF WORLD FIGURE AND BRAZIL MAJOR POWER). IN THIS SITUATION CHANGES IN EXISTING POLICY IN OUR FAVOR MIGHT RESULT FROM DEVELOPMENTS SUCH AS FOLLOWING:

1) CONSOLIDATION OF ANTI-CASTRO OPINION WITHIN BRAZIL TO POINT WHERE CONTINUED BENEVOLENCE TOWARD CASTRO WOULD CLEARLY BE POLITICAL LIABILITY INSTEAD OF ASSET, PARTICULARLY TO EXTENT OF ENDANGERING QUADROS INTERNAL STABILIZATION AND REFORM PROGRAMS;

2) CONCLUSION ON QUADROS PART THAT CUBA IS IN FACT UNDER CONTROL OF INTERNATIONAL COMMUNISM AND THAT CONTINUANCE EXISTING

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-3- 1733, MAY 31, 4 PM, FROM RIO DE JANEIRO

EXISTING SITUATION WOULD POSE GENUINE THREAT TO SECURITY BRAZIL AND HEMISPHERE -- IF, IN OTHER WORDS, HE SHOULD CONCLUDE THAT THREAT OF CUBA-BASED COMMUNIST SUBVERSION OUTWEIGHS POLITICAL ADVANTAGES HIS PRESENT "INDEPENDENT" STANCE;

3) CONCLUSION ON HIS PART THAT CASTRO, WHETHER COMMUNIST OR NOT, IN POSITION SUCCESSFULLY TO CHALLENGE QUADROS OWN ASPIRATIONS FOR HEMISPHERE LEADERSHIP.

UNTIL HE SEES CLEAR ADVANTAGE TO BE GAINED FROM CHANGE OF POLICY, FOR FOREGOING OR OTHER REASONS, BELIEVE WE MAY EXPECT QUADROS CONTINUE TAKE INDEPENDENT LINE ON CUBA, PLAYING UP TO LEFTIST AND ULTRA-NATIONALIST OPINION IN HIS PUBLIC STATEMENTS WHILE MAKING OCCASIONAL CONCESSIONS TO US POINT OF VIEW AND NEVER FULLY COMMITTING HIMSELF TO EITHER SIDE.

BOND

JAA:BLB

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FOREIGN SERVICE DESPATCH

FROM : Amembassy BUENOS AIRES — 1448 DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. — May 17, 1961 DATE

MAY 19 1961

REF :

S/AL-1 B/FAC-3 B/ICO-3 INR-7

For Dept. Use Only — ACTION AKA-4 — RECD 5-23

DEPT. I N REP-1 KMAP-2 S/S-2 S/P-1 G-1 IO-4 E-9 ICA-11
F OTHER O Cia-10 Com-8 IR-3 XMB-4 FRB-2 DLF-7 OSD-5

(1) SUBJECT: Argentine Preoccupation With Reported Scheduled U.S. Financial Assistance to Brazil

Dept-15 Army-4 Navy-4 Air-4 NSA-4

Dr. Leopoldo Hugo Tettamonti, Director of the Economic and Social Affairs Division of the Ministry of Foreign Affairs in the course of an informal conversation May 16 with the Embassy's Economic Counselor took occasion to articulate widely prevalent Argentine concern with the significance of reported imminent U.S. assistance to Brazil.

In response to the Embassy Officer's question as to the likely shape of GOA economic policy as a result of recent cabinet changes, Dr. Tettamonti said that this undoubtedly would be profoundly affected by U.S. action in Brazil. The principle economic problems confronting the Government are to hold a firm line on wages and to reduce the budgetary deficit. He invited attention to the statement made the previous day by the Secretary of Transport on the termination of a twenty-four hour work stoppage on the state railways which indicated the resolve of the Government firmly to resist excessive wage demands and meanwhile to effect reorganization and economies in the railroads, including transfer of as much of them to private hands as possible. Tettamonti said that this resolve might be weakened by two factors: 1) domestic political considerations relating to the upcoming elections for the governorship of Buenos Aires and the Chamber of Deputies, and 2) by the reaction of political elements and the public at large to any substantial U.S. aid to Brazil.

Tettamonti recalled that relations between the U.S. and Argentina had markedly improved in the last five years, and more especially in the economic field since the advent of President Frondizi to office. The measures which the latter had taken, both in the economic and foreign affairs fields, were unpopular, contrary to fifty years of Argentine tradition of nationalism, statism and isolationism. These gains could readily be dissipated by the U.S. and Frondizi's position substantially undermined were the U.S. now to take steps with respect to Brazil without requiring the latter to assume any meaningful obligations. He acknowledged that the "belt tightening" which Argentina voluntarily had effected prior to entering into Agreements with the IMF in December 1958 and the committments which it had made at that time with respect to future policy

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had not been as "draconian" as the public at large and politicians believed; nonetheless it was a psychological fact that they considered extensive "sacrifices" had been made as a precondition for getting IMF and U.S. assistance. Moreover there had definitively been some substantial domestic economic changes which although necessary and sound served as irritants and created a sense of "sacrifice": credit restrictions, declines in real wages, higher taxes and costs of imports, as well as reductions in government work staffs.

Dr. Tettamonti recognized that the U.S. was confronted with a difficult decision with respect to Brazil, given the importance of that country in the hemisphere and in the inter-American system. It should however, in reaching any decision, take into account the political and economic consequences which might arise in Argentina from failure of the decision to be consistent with the position which it had taken with respect to that country. He added that in his view the prestige of the IMF, which he knew had been subjected to considerable pressures in favor of assistance to Brazil, was also at stake. The IMF was bound, wherever it operated, to be unpopular precisely because sound precepts ran in the face of demogoguery; by the same token if those precepts were to be substantially moderated in dealing with individual countries, charges of partiality and opportunism inevitably would arise.

With respect to reports of the impending U.S. financial assistance to Brazil, Dr. Tettamonti said that it was noteworthy that none of these alluded to any obligations being assumed by Brazil as a condition precedent. He had discussed the subject with Brazilian colleagues at the Santiago meeting of CEPAL from which he had just returned and found none of them aware of any significant structural modifications in the offing. He agreed with the Embassy Officer that Quadros had made some changes in exchange rates but he considered these "nominal". As to the reported dismissal of 35,000 Brazilian state employees effected by Quadros, Dr. Tettamonti observed that this compared with a reduction of 75,000 state employees accomplished by Frondizi. Furthermore there are substantially more Brazilian state employees and the proportion of the total working population employed by the Government in Brazil is higher than that in Argentina.

Aside from the encouragement which U.S. and IMF assistance to Brazil (without initiation by the latter of a program of stabilization comparable to that undertaken by Argentina) might accord to political, business and labor pressures for loosening credit and wage policies in Argentina, Dr. Tettamonti said that it could have prejudicial effects on the ability of the Frondizi administration to continue close collaboration with the U.S. in foreign policy. He personally would regret this very much. Nonetheless the majority of the Argentine people, traditionally bound to isolationism and neutrality, inevitably would point to the fact that the U.S. had given even more aid to Brazil than it had to Argentina even though at this particular moment Brazil clearly was pursuing a more pro-Castro line and was in the process of reestablishing diplomatic relations and new Embassies in Iron Curtain countries.

Throughout the discussion Dr. Tettamonti emphasized that his remarks were intended as those of a friend of the U.S., were informal and personal.

The Embassy officer assured Dr. Tettamonti that the U.S. Government was



conscious of the concern of Argentina with this subject. He added that undoubtedly more information concerning it would shortly be forthcoming but that in the interim he was under the impression that most of the contemplated assistance related to refinancing on a short term basis Brazil's debts to the Exim Bank and others.

Dr. Tettamonti thereupon produced a cable he had just received from the Argentine Embassy at Rio, according to which the financial "package" contemplated for Brazil approximates $1,800,000,000. Of this, according to the cable, $600 million is for a twenty year stretch-out in repayment obligations to Exim Bank, $200 million for extension from 3 to 5 years of prevailing debts to private U.S. banks, and $140 million for extension of sums due IMF. New loans according to the cable, include $150 million from Exim Bank, $100 million 40 year-term loan from a combination of DLF-ICA-PL-480, $160 million in a new standby credit from IMF and $70 million standby credit from the U.S. Treasury. In addition, European Governments were reported prepared to extend a $150 million loan, and Japan to loan $180 million for 3 to 5 year term for investments in Brazilian steel and automotive industries.

Dr. Tettamonti concluded that sums of this magnitude extended to Brazil at this time without any seemingly definitive, significant Brazilian economic reform commitments would have serious repercussions in Argentina and on U.S.-Argentine relations.

COMMENT: Subsequently, the same day, similar sentiments were briefly expressed to Embassy officers by business leaders including Eduardo Garcia, President of the Camara Argentina de Comercio, and Alejandro Shaw, Jr., of the Banco Tornquist (who has just returned from the U.S. where he met with Ambassador Stevenson, Ambassador Blair and other U.S. Government representatives).

In contrast, the Ambassador, drawing upon Dept Cirtel 1802 received subsequent to these conversations, has found among top level GOA officials understanding of and no manifest preoccupation with the domestic Argentine impact of announcement of the U.S. aid program for Brazil. He has discussed this subject with President Frondizi, Economy Minister Alemann, Foreign Minister Mugica and Undersecretary of Foreign Affairs Camilion. The latter two, who were present with President Frondizi at the Uruguayana meeting with President Quadros, indicated awareness of the seriousness of Brazil's economic situation and the importance to the future American system of salvaging it. The Foreign Minister, in fact, commented that it was fortunate Argentina had taken rational economic policy steps two years ago which had arrested the deterioration of its economy to the current straits of Brazil.

For the Ambassador:

Harry Conover

Harry Conover
Counselor of Embassy
for Economic Affairs

0604

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SENT TO: Amembassy RIO DE JANEIRO PRIORITY 1694

FINMIN Mariani accompanied by Chargé and Special Ambassador Moreira Salles called on President May 16 to express deep personal appreciation of USG handling Brazilian loan.

In course of 45 minutes conversation President emphasized that in all negotiations USG had completely avoided mention political factors. He said US purpose in extending financial assistance to Brazil was to assist it to achieve economic progress and financial stability. Objective doubly important because Brazil in addition to being friend of US is largest nation in LA. Now however that decision on loan had been taken President wanted Mariani to consider some political difficulties that he faced. The President said he realized that Quadros had political problems in Brazil but that he too had problems in US with relation to Brazil. He showed Mariani some press clippings particularly a Philadelphia Inquirer article contrasting the US loan to Brazil with Brazil's recent assertion of neutrality vis-a-vis Cuba, and also a Washington Post editorial of May 16 entitled QUOTE Raspberry from Brazil END QUOTE. He said US interested in Castro regime because it is a weapon used

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Drafted by: ARA:WDCoerr/bk 5/18/61 Cat. Telegraphic transmission and classification approved by: ARA - W.D. Coerr

Clearances: White House (Mr. Goodwin) - [redacted] ARA/[illegible] Mr. Barall; Treasury - Mr. Leddy informed EST - Mr. Wellman S/S - Mr. Perkins

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used by international communism in its efforts to take over additional LA countries by internal subversion. President pointed out that primary threat is not to US but to LA nations. He declared US view is that Castro not a free agent or traditional LA revolutionary but is for all practical purposes agent international communism. President said we recognized Quadros' objections to idea of military intervention in Cuba and we understand those objections. We strongly believe however that this hemisphere must isolate Cuba and frustrate its use by international communism against other LA nations. He said that nations of inter-American system obviously cannot achieve this objective unless they agree on basic analysis of situation in Cuba, and that such agreement seriously prejudiced when leader of largest nation in LA asserts strongly divergent view.

Mariani said he thought US newspapers view of Brazil's QUOTE neutralism END QUOTE exaggerated. He pointed out that Quadros had publicly recognized and opposed Cuban threat of QUOTE ideological intervention END QUOTE in Cuba, which would indicate certain agreement with US view, and that Brazilian Government well aware that Castro's May 1 description of Cuba as QUOTE socialist END QUOTE state actually meant in communist parlance a nation in stage approaching

0606

approaching communism. Mariani said that Quadros has to deal with considerable communist and leftist strength within Brazil. He declared timely US aid will give Quadros needed financial strength and improve his ability to take firmer political position vis-a-vis communists. He emphasized Quadros had been moving with increased rapidity away from his pre-electoral position in favor of Castro.

President tore off half sheet with Philadelphia Inquirer clipping and gave it to Mariani for Quadros.

Mariani thanked President for frank expression of views most fitting between friends. He said would fully report conversation to President Quadros who would be keenly interested.

Bowles ACTING

0607

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT
☐ CHARGE TO

1961 MAY 19 PM 11 30

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10469

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Origin

Info

SENT TO: Amembassy BUENOS AIRES 1666
" CARACAS 1089

7325 MSP 5-184

(Code Room: Please repeat Department's telegram to Amembassy Rio de Janeiro No. 1694 dated May 18, 1961, Control No. 09594.)

Bowles
Acting
(70)

RM/R
Anal. 21
Rev.
Cat.

Drafted by: ARA:JDWhiting:lp 5/19/61

Telegraphic transmission and classification approved by: ARA - Frank V. Ortiz

Clearances:

S/S-CR
MAY 19 1961 PM

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732.3 MSP 5-1961

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AIR POUCH
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732.5-MSP/5-2961
MAY 31 1961

FOREIGN SERVICE DESPATCH

FROM : Amconsulate, RECIFE. 56 DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. May 29, 1961. DATE

REF : None

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53	ARA-4	INFO RYMAR-2 INR-7 REP-1 E-7 ICA-11
	REC'D 6/10	OTHER CIA-10 USIA-10 COM-10 FAS-3 AGR-8

SUBJECT: EDUCATIONAL AND CULTURAL EXCHANGES: SUGGESTIONS REGARDING LEADER GRANTS IN NORTHEAST BRAZIL. 4AB-6 HEW-5

Attached as Enclosure Number 1 is the text of a letter from a resident USOM technician in the Northeast. The writer, F. Dale Hoecker, has been working the area for about five years. He is a rural extension advisor with ANCAR (Northeastern Credit and Rural Assistance Association) and works closely with the Governors of Rio Grande do Norte and Ceará. His suggestions regarding escort officers and the iniinerary for Northeastern governors are forwarded for the Department's information.

732.5-MSP/5-2961 CS

Edward T. Walters
American Consul

Enclosure: As stated.

ETWalters/dvs

Two cc: Amembassy, Rio de Janeiro.

FILED
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ETWalters/dvs
REPORTER

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"At your suggestion following our conversation concerning top level bolsas to the U. S. such as the visit of Governor Aluisio Alves of Rio Grande do Norte and Pedro Gondim of Paraiba I am writing my ideas. I believe that we could accomplish a lot more if the person who was to accompany them was familiar with their state problems and situations and some of the objects and plans of their State governments and our Point IV programs in their State and Country.

"This could be accomplished in two ways. One, have a technician in Brazil accompany them during their month in the U. S. The second, would be to have the individual who is to accompany them come to their State for at least two weeks to learn at first hand what the problems are and what the Governor needs to see in order to return and really help his state.

"I would further suggest that in the case of the above two Governors that they be invited as the guest of one of the Governors of one of the smaller western or southwestern states, in which agriculture is the important item in the States economy. Likewise they are both interested in small industry, in rural schools, in Extension research and agriculture education, in county government, in taxation and development of local political units.

"Under this plan he would be received by the Governor of the State. Following this would be contacts with small businessmen, Chamber of Commerce, labor movements, rural schools, and of course the Extension service and experiment stations. They need to visit states that are not blessed with Iowa's fertile cornland. They need to see how through education and our services, that states not blessed with good soil, topograph and climatic conditions have learned to overcome these handicaps and provide an abundant life. They need to see and learn that people pay for their services and that local people also have a voice in operation of all programs and service from the one room school board to state and National advisor concils. They need to have the opportunity to see and feel without telling them that their big problem is not altogether lack of money, but it is rather bad application of the moneys and services.

"They should particularly have the opportunity to observe in detail these programs in which we are assisting through technical cooperation in Brazil. Many times Point IV programs in Brazil do not have the support of the state Governments. These programs cannot be successful without that support. One of the purposes of these visits should be to motivate and stimulate these Governors if these programs are important to the development of Brazil. A few hundred Dollars more spent on planning, preparation and conducting these top-level trips could give a lot more "mileage" from the money invested and the development of programs and principles for which we stand and believe in."



RM/R (39)
FILE

SS#8194

JUN 6 1961

Dear Bill:

I have received your interesting and informative letter of May 12, enclosing an outline of a program whereby the United States Government could be of assistance to the new State of Guanabara, Brazil. It is obvious that Dr. Torres has given much thoughtful consideration to finding a solution to the social and economic problems facing the new State administration.

Dr. Torres' proposal is currently being reviewed by officials of the Department of State concerned with our social development and economic assistance programs, and, on the basis of their study and comments, I expect that a reply in more detail can be made within a few days.

With warm personal regards,

Sincerely,

Dean

Dean Rusk

S/S-RO

JUN 6 1961

A true copy of signed original

732.5-MSP/6-661

Mr. W. E. Knox,
President,
Westinghouse Electric International Company,
40 Wall Street,
New York 5, New York.

ARA:EST/B:RHCrane:jck 5/29/61
Clearances: REA - Mr. Sinn (in substance)
E - Mr. Rendall (in substance)
S/S-RO Retyped 6/5/61

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0611

SUGGESTED REPLY

RM/R
FILE

Dear Senator Hartke:

I refer to my letter of May 18 regarding the proposed visit to Panama of Mr. J. Roy Dee, former Mayor of Mt. Carmel, Illinois. In this connection the Department of State has notified our Embassy in Panama and has requested that appropriate assistance be given to Mr. Dee during his visit.

Since no definite date for Mr. Dee's travel was indicated, you may wish to suggest to Mr. Dee that he inform the Department of State of his definite itinerary in order that the Embassy can be advised. He should direct such information to Mr. Richard Godfrey, Officer in Charge of Panamanian Affairs, Department of State, Washington 25, D. C. An alternative suggestion is that he contact our Embassy upon his arrival in Panama.

I hope that these arrangements will be helpful to you in responding to Mr. Dee's request for assistance in connection with his proposed visit.

Sincerely yours,

The Honorable
Vance Hartke,
United States Senate.

ARA:OAP:RAGodfrey:ebc 6/7/61 Retyped S/S-RO 6/7/61



INCOMING AIRGRAM — Department of State

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NUMBERED 604 OF 87

PAGE 1 OF 1 PAGES

47
Action

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Date Sent, Rec'd. June 9, 1961

JUN 11 5 38 PM '61

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FROM: Amembassy RIO DE JANEIRO

TO: Secretary of State

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NO: G-421

RMR

GOB is assiduously exploiting success in obtaining US financial assistance to combat critics of its "independent" foreign policy. FonMin Afonso Arinos has made various public statements in this sense. Typical are his statements in interview last week's O Cruzeiro that no Brazilian can say in good faith that GOB, through its Cuban policy, is contravening nation's true interests when "all the financial economic measures adopted are the most classical and the Americans are first to recognize this and prove support with loan nearly 2 billion dollars," and statement in June 2 press interview (as indirectly quoted in O Jornal): "Minister Finance's success in US negotiations is best response to accusations of government partiality in its foreign policy."

Another instance of government's use this theme is its release to Correio da Manha May 31 of excerpts from letter President Kennedy to Quadros thanking him for courteous reception Secretary Dillon and noting "strong desire" of US help Brazil, common US-Brazilian objectives, etc. Correio, which had become major administration mouthpiece with only occasional divergence from servile role, called this letter "contribution of greatest importance for correct understanding Brazilian foreign policy" and said it showed that US government's "political, economic, social and historical convictions coincide with those of present Brazilian government". Paper concluded "Americanists are more American than the Americans themselves." (Correio da Manha subsequently virtually broke with Quadros as result of President's dismissal of FonOff Secretary General Leitão da Cunha for denouncing Ambassador João Dantas' signature of commercial protocol with East Germany.)

BOND

PRaine

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Control: 1961857213 AM 10 13
Rec'd: June 12, 1961
6:43 p.m.
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INFO:
RM/R FILES

Cable kept DLF 6-20-61 J

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1837, June 12, 6:00 p.m.

JOINT EMBASSY/USOM MESSAGE.

Understand submission made representative Governor Lacerda during Moreira Salles visit survey team technical assistance for eventual application "DLF" loan for housing favela occupants. Brazilian Embassy/Washington informed Foreign Office last week of request indicating US receptivity and possibility survey team within six weeks of request.

Please advise and pouch papers given ARA.

BOND

UMT:OKY/7

732.5-MSP/6-1261 TS

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JUN 25 2:22 PM '61

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OPTIONAL FORM NO. 10 SECRET

UNITED STATES GOVERNMENT

Memorandum

This document consists of 2 pages.
Copy 1 of 6 copies. Series A.

File: RMR
1357/B: Jt Wholesale - Loc.
9-30-69

TO : ARA - Mr. Coerr

DATE: June 13, 1961

(39)

FROM : EST - Mr. Hemba

SUBJECT: Your Request for Information on Our Assistance to Northeast Brazil

We have long recognized the need to assist Brazil in attacking the problems of the poverty-stricken Northeast of Brazil and believe urgent measures should be taken to assist Brazil to combat the Communist-Castro inclined peasant leagues. The leagues are led by Francisco Julião, whose past conduct and public statements show him to be completely committed to the use of violence to achieve land reform if legal means prove slow or unavailing (TAB A).

We have instructed our Embassy to cooperate with the GOB in working out emergency measures to counter the immediate threat of the peasant league activities, as well as measures to assist in the solution of the basic problems. We have committed the U.S. in principle, subject to the availability of funds, to assist in this area. It is being made clear to the GOB that our role will be that of assisting Brazil's efforts, that we cannot assume the responsibility of solving the total Northeast problem.

Embassy Rio estimates the magnitude of the problem as ranging between: a) $5 million per year, plus local currency from PL-480 grants, "to contain the political fires"; and b) $20 million per year, plus additional special funds for financing the migration of an estimated six million people, to solve the total problem over a period of several years.

In an effort to provide immediate financial assistance, we have recently amended the 1956 PL-480 agreement to make a grant of 20 per cent (about $34 million or CR$3.8 billion) of the proceeds for the Northeast. In addition, 20 per cent of the most recent PL-480 agreement is in the form of a grant; while not specifically tied to the Northeast we anticipate the major part of it will be used in that area. It is anticipated that there will be some Bogota funds available for Northeast Brazil. We also supported the recent decision of the IDB to make a $10 million loan to the Bank of the Northeast to be used by SUDENE, the organization charged with the responsibility of coordinating and implementing the over-all program for the Northeast. We have recently extended an invitation to Celso Furtado (TAB B), head of SUDENE, to visit Washington for detailed discussions of Brazil's plans for the Northeast.

ICA has been active in providing technical assistance in the Northeast for several years, especially in the fields of health and agriculture. A summary of those activities is attached as TAB C.

Attached are copies of the most recent telegrams exchanged between Washington and Rio, outlining the Embassy-USOM estimate of the problem and

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450089 SECRET containing

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containing the Department and ICA policy guidance on the matter of assistance in the Northeast (TAB D).

Attachments:

1. Copy CONFIDENTIAL memo to CU - Mr. Thayer from ARA - Mr. Mann, subject: Advisability of Offering Leader Grant to Francisco Julião, 2/8/61. TAB A.

2. Copy SECRET Rio 1832 6/12/61 and copy CONFIDENTIAL memo to VO - Miss Saladino from ARA:EST - Mr. Wellman, subject: Prospective Visa Application from Celso FURTADO, 5/24/61. TAB B.

3. Copy unclassified memo entitled "Summary of ICA WORK in the Northeast Area of Brazil."

4. Copy of each of following: JOINT STATE-USOM MESSAGE to Rio 1860; Rio 1796; JOINT STATE-ICA MESSAGE to Rio 1852; Rio 1758; Rio 1773; JOINT STATE-ICA MESSAGE to Rio 1826; Rio 1683, Sections One and Two--all of which are CONFIDENTIAL. TAB D.

ARA:EST/B:RHCole:lms 6/13/61

Tab C

Summary of ICA Work in the Northeast Area of Brazil

The United States Government through the participation of ICA and its predecessor agency in Latin America, the IIAA, has long been interested in and active in the development of the arid Northeast region of Brazil. Much of our participation in the Northeast has been through the Health (SESP) and Agricultural (ETA) Servicios which were established in 1942 and 1953, respectively. Both Servicios were originally largely supported by US funds and personnel. ETA is now almost entirely (over 90%) Brazilian financed and staffed, while the SESP Foundation was established in July 1960 as an entirely Brazilian organization. ICA continues to support health and agriculture by providing US technical help in many different projects.

Health

ICA has assisted in many phases of SESP's varied program in the Northeast. For example, we have cooperated in the sanitary engineering projects carried out by the regional SESP offices in Forteleza, Ceara and in Recife, Pernambuco. ICA has provided technicians who have worked in the medical, public health and nursing schools at the universities at Bahia and Recife. We have worked, too, in a pilot TB control project in the States of Pernambuco and Bahia.

Another important health program is the national campaign to eradicate maleria, which has included much work in the Northeast. ICA helped in the selection and training of all the technical personnel for the project in the Northeast area. At present there are twenty US technicians working with SESP Foundation.

Agriculture

ICA has cooperated in the following ETA agricultural projects in the Northeast:

a. Agricultural extension, home economics, and rural supervised credit for the Northeast.

b. Three projects related to the improvement of cacao production, culture, and quality in the State of Bahia.

c. Experiments in hybrid corn and rural extension.

d. Soil and water survey in two valleys in Rio Grande do Norte.

e. Development of resettlement communities for the drought farmers in Natal.

f. Planning a network of grain elevators and warehouses in the State of Pernambuco.

g. Survey

g. Survey of the fats and oils industries in the Northeast.

Public Administration

In the field of public administration ICA has helped establish a program of research and training in the field of economic development planning at the University of Bahia with the cooperation of the State of Bahia. Another recent public administration project was with the Banco do Nordeste do Brasil at Fortaleza in the analysis of the "administrative and public finance organization of governmental agencies in the region that are applicants for loans from the Bank."

Industry and Mining

United States geological survey technicians have been conducting, since 1957, mineral reconnaissance investigations in the State of Bahia.

PL-480

Limited PL-480 Title I funds have been earmarked by Brazil through the BNDE development projects in the Northeast, such as:

a. A loan to be used in the construction of eleven grain warehouses and for elevators in the interior of the State of Pernambuco and one at Recife, Pernambuco. ($879,000)

b. A loan to the National Bank of Northeast Brazil, Fortaleza, Ceara, for relending in regional development loans in the Northeast drought area. ($3,000,000)

c. A loan to the Hydro-electric Company of the São Francisco River Area for the expansion of power production. ($1.6 million)

d. A loan to the São Francisco Valley Authority for the expansion of power production. ($5.9 million)

Under Title III of PL-480 several non-U.S. governmental agencies have participated in relief for the drought-stricken Northeast. Catholic Relief Services (NCWC) has distributed 1,000 tons of milk in the area. Church World Service made shipments of canned cheese and butter and UNICEF has supplied dry milk for distribution in the drought area.

Substantial assistance was provided for flood relief in 1960 in the form of helicopter service, medical supplies and food. In this connection, emergency supplies were drawn upon under Title II and Title III.



June 15, 1961

Dear Father Torras:

I am writing in reply to your letter of June 12, 1961 to Mr. C.A. Boonstra since Mr. Boonstra has been transferred out of the United States. Your letters to him have been referred to the Brazilian Desk of the International Cooperation Administration, which is directly concerned with our technical assistance programs in Brazil.

732.5-MSP Sincerely yours,

J. W. Wilson
Officer in Charge, Brazilian Affairs

732.5-MSP/6-1561

The Reverend Francis Torras S.J.,
297 Commonwealth Avenue,
Boston 15, Massachusetts.

ARA:EST/B:LTBriggs:jck 6/14/61

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PAGE 1 OF 2 PAGES

Date Sent: June 16, 1961
Rec'd:

FROM: AmEmbassy-Rio de Janeiro

TO: Secretary of State

NO: G-433

ACTION: JUN 16 6 PM '61
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From STEVENSON

Following is text of informal note handed Lincoln Gordon by Argentine Minister of Economy Alemann on June 8, 1961 on subject of U.S. financial support for development program of Argentine economy (figures are estimates in millions of dollars).

	Total Program	Committed	Presented
1. ROADS	700 (1)	130	-
Eximbank	-	40	-
DLF	-	40	-
BIRF [IBRD]	-	50	-
2. AIRPORTS	160 (2)	-	130
DLF	-	-	130
3. STEEL	(3)		
Eximbank (SOMISA)	-	72	60
BIRF (private plant)	-	-	50 (4)
4. POWER	700 (1)	-	-
BIRF	-	-	100 (5)
Eximbank	-	-	13
5. RAILROADS	(3)	-	-
BIRF	-	-	50 (4)
Eximbank	-	-	50
6. HOUSING	(3)	-	-
DLF	-	-	12,5
IDB (Social Fund)	-	-	37,5

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		Total Program	Committed	Presented
7.	ARMY	-	-	50
8.	OTHER (ports, hotels, agriculture, fishing, river transportation, hydropower)	600 (6)	-	-

(1) 10 year program 1960-70
(2) 3 year program 1961-64
(3) 10 year program not yet completed
(4) Estimated amount
(5) Estimated with British participation
(6) Preliminary estimates

BOND

Copy to: AmEmbassy-Buenos Aires

LGordon/HWellman:sjd
June 11, 1961

CONFIDENTIAL

June 30, 1961

Dear Mr. Bennett:

I have your letter of June 19, 1961, in which you quote a letter from your brother, Dr. Robert B. Bennett, regarding the need for professorial assistance and equipment for the Engineering College of the University of Minas Gerais, Brazil.

A university-to-university contract is presently being negotiated between the University of Minas Gerais and the University of Michigan by the International Cooperation Administration, and it is hoped that it may be possible to staff this project in the near future. Should you need further information with regard to this contract, it is suggested that you call Mr. Edward Berman of the ICA, Code 182, extension 7915, for further details.

With regard to equipment needs of the University of Minas Gerais, it is quite possible that this can be taken care of under the project implementation if the total cost is not excessive. Normally, it is permissible to provide an amount not in excess of 20 per cent of total project cost in the form of grant aid.

Dr. Bennett's general comments concerning the situation in Brazil and the need for continuing economic assistance on our part are quite pertinent and the Department fully recognizes this need. Brazil has been and continues to be the major recipient of economic assistance in the Western Hemisphere and the extent of our technical assistance program can be gauged by the fact that there are approximately 150 United States technicians now working in Brazil under the bilateral aid program and a total of almost 300 official personnel throughout the country.

I am sure that Dr. Bennett will be happy to know that the International Broadcasting Service of the United States Information Agency plans to commence direct broadcasting from the United States to Brazil by native Brazilian broadcasters on or about August 6 on a three to four hour per day schedule. The USIA at the present time maintains a news and commentary program for Brazil in Brazilian Portuguese for rebroadcasting purposes.

If I may be of any further assistance to you, please do not hesitate to call on me.

Sincerely yours,

Brooks Hays
Assistant Secretary

732.5-MSP/6-1961

RM/R
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The Honorable
Charles E. Bennett,
House of Representatives.

418187

S/S CR

H:WCX

ICA:RWWagner:jd 6/26/61

CHARLES E. BENNETT
MEMBER
2D DISTRICT, FLORIDA

COMMITTEE:
ARMED SERVICES

Congress of the United States
House of Representatives
Washington, D. C.

ARTHUR C. CANADAY
ADMINISTRATIVE ASSISTANT

AUDREY W. STRINGFELLOW
EXECUTIVE SECRETARY

JEANNETTE CHESBROUGH SOWERS
ANONA COLLINS
A. WAYNE FOWLER
SECRETARIES

June 19, 1961

ACTION is assigned to

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RM/R FILES 6-26-61

Department of State
Washington, D.C.

Gentlemen:

My brother, Dr. Robert B. Bennett, is teaching at Escola de Engenharia de Universidade de Minas Gerais, which is in Bello Horizonte, Brazil. He tells me that this school has asked for Point Four help to bring professors there and he suggests that I might be able to do something to speed up these professors arriving. My brother is a professor at the University of Florida, Gainesville, Florida, but is there on special assignment. He states to me that there is no better investment in Brazil than in helping the people with whom he works at the university who are working very hard and trying to make a success of their country in every respect. He further goes on to say that he may have to ask Ford or Rockefeller to help bring in some large equipment. I presume there is no assistance in Chemical Engineering from the federal government for a foreign university.

Brazil on

While I am writing this letter, I would like to make the observation that my correspondence with him leads me to feel that perhaps it would be wise to consult with the Brazilian embassy and others as to beaming radio programs to Brazil in the Portuguese language, as it is spoken in Portugal; because he tells me that the language is quite different in Brazil, and though it is carried on the books as the Portuguese language, it is actually a very different thing. I hope this aspect of international relations will be looked into when the President Kennedy program for beaming Portuguese to South America is under way. I would like to have some observation from you as to whether this is being taken into consideration in some way.

I am also quoting to you from a recent letter from my brother which may have some help to us in our programs in Brazil:

"The communists always send more men than money when they "help"-- I hope we have learned our lesson and will send a lot of men with the money we are loaning to South America.

Letter and enclosures, if any, withdrawn by RM/R

408870

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The main reason is to make sure the money is used properly and does not make the rich richer and the poor poorer. Technical assistance in financing, farms, and factories is much more important than the money. This place is full of equipment that is not used often because so few people know how to use it or to repair it. Once they learn how(for instance, old cars), they can keep them running forever. Rich ores sit here while the furnished products are imported. Intelligence is a good match for ours--and ambition once they get started. If we do not get the 50% illiterate trained rapidly, and the technical assistance in training Brazilians to run their own show, we are inviting the communists to take the lead. Until the illiterates can read, choose, and use their good judgement, they can hear only the communist agitators--we do not have any here.

"We keep preaching liberty. They have liberty now, and the illiterates dont like it. We need to teach them to use this liberty, not preach about it. We need to ask them, 'Do you want Red slavery and no churches?' They had slavery here and the church is the dominant factor among the illiterate. A strong effort by the Catholic Church of the U.S., to help the church here, with an invitation to other believers in a Supreme Being(India, Protestants, etc.) to help--through Moral Rearmament and other such, could supply the ideology needed to fight communism--money and arms can not fight an ideology, any more than they could fight the beginnings of Christianity."

With kindest regards, I am

Sincerely,

CEB:rwe

Charles E. Bennett, M. C.



AIRGRAM

INTERNATIONAL COOPERATION ADMINISTRATION

732.5MSP/6-3061

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PAGE 1 OF PAGES 1

DATE SENT

DATE REC'D.

FROM - Rio de Janeiro

SUBJECT - Mutual Security Information

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	x	RM/IC	USOM/PERU USOM A- 54
			Attn: Fred Blachley - ICA/W Mr. Polakoff - Lima
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OTHER AGENCY			
ACTION			
STATE			

1. USOM/Brazil is transmitting herewith the following materials prepared by the Communications Media Division for a human interest story on Mr. Robert Bartlett who served in Brazil as Horticulture Advisor (rubber):

a) A "dummy" of the booklet

b) A complete set of extra photographs in sizes proportional to those required by the dummy

c) A rough English translation of the text

2. Each block of suggested text is numbered according to the number of the page of the dummy for which it is intended.

3. USIS is preparing a Portuguese version of the Bartlett story in booklet form for local distribution. USOM/CMD is assembling materials for additional stories on individual technicians and project activities. Unless we hear to the contrary we will assemble these materials in the same fashion as attachments to this airgram. Your comments are invited.

SACCIO

(Retyped - ICA/W- 6/30/61)
Illegible

SECURITY CLASSIFICATION

ICA-5-39W (9-60) PRINTED 9-60

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FOREIGN SERVICE DESPATCH

FROM : Rio de Janeiro

DESP. NO. 1151

DATE June 20, 1961

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : CA-8461, April 41, 1961

JUN 24 1961

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20 For Dept. Use Only	ACTION	DEPT.	
	E-7	RM/R-2 ICA-11 INR-7 ARA-4 B/FAC-5	
	REC'D 6-29-61	INFO OTHER	CIA-10 NSA-4 OSD-5 ARMY-4 NAVY-4 AIR-6

SUBJECT: Sections 110 and 111 of the Mutual Security Appropriation Act for 1961

The Embassy, on the basis of available information, is reasonably certain that the local government has not provided, and is not likely to provide, the Castro regime or the Dominican Government with the type of assistance specified in Sections 110 or 111.

For the Chargé d'Affaires, a.i.

Leonard J. Saccio
Minister for Economic Affairs

For file
any necessary
action
R Shaw
7/7/61

732.5-MSP/6-2061

DES

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JUL 5 1961 CDT

MESSAGE CENTER CONTROL

JUL 5 1961

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EBASH (on routing slip)
PRAINE

JRS:law 6/9/61
REPORTER

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ACTION ASSIGNED TO:	ACTION TAKEN		
NAME OF OFFICER & OFFICE SYMBOL		DATE OF ACTION	DIRECTIONS TO RM/R

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(Security Classification)

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732.5-MSP/6-3061
JUL 2 1961

FOREIGN SERVICE DESPATCH

67
DESP. NO.

FROM : Amconsulate Recife

TO : THE DEPARTMENT OF STATE, WASHINGTON.

June 30, 1961
DATE

REF : None

B/FAC-3

For Dept. Use Only	ACTION	DEPT.
	REC'D ARA 4 7/4	INFO RMA-2 ENR-1 REP-1 E-7 ICA-11
		OTHER CIA 10

SUBJECT: Governor Cid Sampiao Concerned by Aid Lag

732.5-MSP/6-3061

During a courtesy visit to Governor Cid Sampiao this week, he took occasion to mention, not quite petulantly, that during the past year or so there had been a stream of American officials and technicians passing through Recife accompanied by implications of prompt and effective action to meet the development needs of Pernambuco, but that to date this all had added up to a total of very little and that he was still awaiting the arrival of "the first dollar" for economic and social aid in Pernambuco. I made no comment on this. He also indicated that he was not entirely happy with the concentration of aid authority and responsibility (and funds) in SUDENE and Mr. Celso Furtado, its director, at the expense of state (and his own) authority in planning, financing and implementing development programs. I made no comment on this either. The Governor was entirely cordial, and made the above remarks ostensibly in a spirit of wishing to assist me in understanding local problems. However, he obviously was concerned that his own political effectiveness would be reduced if necessary development projects are not initiated promptly and if he is not associated closely with such projects in Pernambuco.

His comments underscore a potential danger of disillusionment that may arrise unless action is taken quickly to determine and implement the development plans now being so widely discussed. Accordingly, it is hoped earnestly that study and survey groups coming into the Northeast will be kept to a bare minimum in future; that definitive projects may be determined during the forthcoming Furtado visit to Washington (despatch being prepared); and that the implementation of impact projects may be initiated promptly.

Albert A. Rabida
American Consul

cc: Amemb Rio (2)
Brazilian Desk Officer

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
JUL 13 1961

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INCOMING TELEGRAM Department of State

732.5 MSP/7-1-61

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58-M
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Control: 307
Rec'd: July 1, 1961
1:21 p.m.

RIO DE JANEIRO 2

FROM: Rio de Janeiro

TO: Secretary of State

NO: 2, July 1, 1 p.m.

RM/R
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JOINT EMBASSY/USOM MESSAGE.

References: Circular CG-1065; CG-1066.

Presentation materials not yet received. Expedite. Not possible now determine adequacy time (July 21) to complete review transition international development. In view NE and overall Brazil developments and absence DOM, USOM probably will request extension.

BOND

JAK-14

NOTE: MR. WILSON (BFAC) NOTIFIED 6:40 p.m. 7/1/61 CWO-M

732.5-MSP/7-1-61

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Control: 2320
Rec'd: July 5, 1961
4:34 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

INFO: [illegible]
RM/R FILES

NO: 17, July 5, Noon

JOINT ICA/STATE MESSAGE

Following salient points Sudene-USOM meetings June 28 and 29.

1) Furtado stressed settlement Maranhao through disciplining migration areas vulnerable periodic droughts. Availability normal budgetary funds highly problematical this controversial sector. Estimated five year cost CR $18.6 billion. To cover part first years operations, Furtado assuming availability CR $850 million PL 480 second agreement grant funds as per Quadros decree, probably later supplemented by remaining CR $1 billion Sudene administered balance grant funds (see Embassy telegram 1758).

Also wishes utilize Title II foods grubstake first settlers. In absence experience to make possible firm estimates food needs, prefers draw upon planned 30,000 NE drought reserve, replacing as needed.

Claims first well organized migration could begin soon. Also cites several areas unused public lands humid coastal zones available settlement without extensive further surveys. Financing these programs unspecified.

2) Re general financial assistance, Furtados initial position was request global allotments on basis US approval overall Sudene plan, without detailed project review. Saccio indicated pessimism such blank-check treatment, whereupon Furtado seemed willing agree project review, but only on projects Sudene proposed. Also wanted all US aid to NE channeled through Sudene. Would

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732.5-MSP/7-561

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NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R



Would like future PL 480 grant funds tied exclusively Sudene program.

3) Sees technical assistance useful principally in pre-investment studies, especially resource surveys like Parnaiba, Jaguariba valleys. Emphasized policy making, execution must be Brazilian, stating "he who needs technical assistance to form policy needs technical assistance to govern." No foreigners to share Brazilian responsibility overall NE policy. Mildly agreed foreign advice useful to central planning but only for fact finding, analysis of reports.

4) Furtado suggested general presentation morning July 10, based on assumption US participants will have read five-year plan (pouched). (Saccio suggests this meeting be high level ICA/State, possibly chaired Labouisse, Fitzgerald.) Subsequent mornings for technical review major sectors plan:

A) Infra-structure roads, electric power,

B) Reform agriculture structure including resettlement. Diversification part sugar area, mechanization lands remaining in sugar.

C) Food supply problems including marketing, fisheries

D) Social and education programs intended ameliorate living conditions, generate popular enthusiasm Sudene. Includes water supply, small town electrification, university reform.

Furtado considers re-settlement (colonization) and reform agrarian structure indispensable to success total program. Feels must show results within next two years. Furtado doubtless will expect one full morning sessions with officials knowledgeable land problems.

5) Furtado wishes talks OAS, IDB, IBRD. Please arrange with Brazilian



CONFIDENTIAL

-3- 17, July 5, Noon from Rio de Janeiro

Brazilian Embassy.

6) Furtado will carry letters Quadros to President Kennedy, Stevenson, Gordon, Goodwin. Defers USG whether necessary deliver in person. Recited enthusiastic send-off from Quadros after Brasilia meeting, June 7.

CABOT

BHH/4

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732.5-MSP/7-1161

FOREIGN SERVICE DESPATCH

FROM : American Consulate,
Curitiba, Brazil

2
DESP. NO.

JUL 11 1961
July 11, 1961
DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : ara
CG-1061 June 22, 1961

	ACTION	DEPT.							
20 For Dept. Use Only	ARA-4	RM/R-2	INR-7	P-3	CU-5	L-2	ICA-11	B/FAC-5	E-3
	REC'D 7-20-61	OTHER: CIA-10 USIA-10							

SUBJECT: ALLIANCE FOR PROGRESS AND PHILANTHROPIC INSTITUTIONS

We have made a survey of philanthropic institutions in Paraná and Santa Catarina and, so far as we can tell, there are none established on a capitalized or trust basis such as the Rockefeller and Ford foundations in the United States. Most local institutions are small outfits, such as orphanages, and they live from hand to mouth.

We have been told that institutions of the type in which the Department appears to be interested do exist in São Paulo.

We have made no effort to study local laws governing philanthropic institutions and foundations in this consular district, because we doubt such information at this time could be very helpful to the Department, especially in view of the fact that local laws are probably very similar to those in São Paulo. If the Department wishes a report on such laws from Curitiba anyway, please advise us. Otherwise, we will consider our action on the referenced airgram completed.

Edward M. Rowell
American Consul

cc: American Embassy, Rio de Janeiro (2)

EMRowell:jk
REPORTER

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NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

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732.5-MSP/7-1261

AIRGRAM **INTERNATIONAL COOPERATION ADMINISTRATION**

Control Copy
Circulate Widely

SECURITY CLASSIFICATION: UNCLASSIFIED (27)

FROM: RIO DE JANEIRO

SUBJECT: Public Information on Point IV Program in Brazil.

REFERENCE: Joint State-ICA-USIA Message CA-9623, 5/8/61 (Check one before each address)

PAGE 1 OF PAGES 1

DATE SENT: 7/12/61

DATE REC'D.

8

DISTRIBUTION	ACTION	INFO	ADDRESS AND SERIAL NUMBER
ACTION: PX	ARA		ICA/W TOICA A - 86
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Attention: Mutual Security Information Staff

As requested in referenced joint message, attached are three copies each of the following public information reports on Point IV activities in Brazil:

Ola

Address by Minister-Director Leonard J. Saccio to visiting Delegates of the General Federation of Womens' Clubs, Rio de Janeiro, 6/12/61.

A short statement on Point IV Operations in Brazil, together with an equally brief summary of U.S. Government Economic Assistance to Brazil.

Point IV Technical Assistance in the Amazon.

Point IV Technical Cooperation in the Northeast.

Point IV Technical Cooperation for the Brasilia Region.

30 w

OTHER AGENCY

Point IV Technical Cooperation in the South of Brazil.

Action

State-4

Similar summaries of the nature, objectives, scope, and accomplishments of the technical cooperation program in the States of São Paulo, Minas Gerais and Espirito Santo are presently being revised and brought up to date, and will be forwarded as soon as available.

HERDER (Acting)

Enclosures.



ARA:Milton Barall:gv

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Approved in U 7/24/61
Approved in WH 8/2/61

DEPARTMENT OF STATE

Memorandum of Conversation

11452
732.15-MSP/7-1461
XR 832.00
832.16

DATE: July 14, 1961

SUBJECT: Call of Celso Furtado on the President

AUG 4 - 1961
ACTION COPY

PARTICIPANTS: The President
Celso Furtado - SUDENE*
Carlos Bernardes - Minister Counselor, Brazilian Embassy
Under Secretary Chester Bowles
Robert F. Woodward - Assistant Secretary for Inter-American Affairs, Department of State
Richard Goodwin - White House
Leonard J. Saccio - Director USOM Brazil
Milton Barall - Deputy Assistant Secretary for Inter-American Affairs, Department of State

CC:					
	S/S	ARA-2	The White House	ICA	Agriculture
	G	EST	Treasury	DLF	B
	S/P	EST/B	Eximbank	Food for Peace	
	~~INR/C~~	~~Amembassy RIO de JANEIRO~~		~~Peace Corps~~	

732.5-MSP/7-1461

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AUG - 7 1961

After greetings, Dr. Furtado handed the President a letter from President Quadros which the President read immediately. The President instructed Mr. Goodwin to try to prepare a reply prior to Dr. Furtado's departure on July 15. He told Dr. Furtado that if the letter is not ready on that date, it will be transmitted to President Quadros through the Embassy. The President also accepted a copy of the master plan for the Northeast, on which he said he already has some information.

The President asked for Dr. Furtado's judgment on whether the Brazilian Congress would approve the plan and appropriate the funds, and his estimate of the impact of implementation of the plan. Dr. Furtado replied that the lower House has already approved the plan. He said the impact must be enormous for it is intended to change the area in a 3 to 5 year period. The entire future of Brazil depends on success in this area, he said. The President asked several questions with respect to population, the percentage of arable land, square miles, etc., to which Dr. Furtado replied. On the question of the percentage of people who own land, Dr. Furtado replied that ownership was highly concentrated in the hands of a few people and for this reason he hoped to increase efficiency in cane production and reduce the number employed in the cane fields through the mass migration program. He explained his proposal to trade irrigation for land which would then be turned over to the people in the form of small holdings for the production of scarce foodstuffs. He believes the land owner would be willing to trade land in

*SUDENE: Superintendency for the Development of the Northeast (Brazil) this

0634

this way because cane operations are now uneconomical and non-competitive with sugar grown in the south. Dr. Furtado also provided some explanation of the sums he seeks from foreign sources.

President Kennedy said he had become aware of the problems of the Northeast which were now a matter of great interest and understanding in the U.S. He said we would have to move toward a solution and that the U.S. desires to be helpful. He commended Dr. Furtado for his sound judgment in making use of his experience to plan for the solution of the problems of this area. The President said U.S. assistance would, of course, be conditioned by what is available here. He referred to the present fight in Congress on the Aid Bill, but said we would nevertheless want to be associated with implementing Dr. Furtado's plan.

The President mentioned the forthcoming trip to Brazil to be made by his brother and expressed the hope that he would be able to visit the Northeast. Dr. Furtado said he would be delighted to show him around the area, at least the East coast humid zone, and to give him a first-hand explanation of his plan.

Dr. Furtado then provided some explanation of the severe problems of the Northeast and his hopes for the ultimate migration of up to 1 million persons. He said the major difficulty is to create hope in people who now have none. This, he said, can be accomplished only by immediate action which would make the people of the area aware of the fact that help was in sight. The President replied that he sensed that migration was an essential feature of the plan. He asked whether the peasant leagues gave land to the people. Dr. Furtado replied that they promise land and this promise alone was very effective because land is what the people most desire. He said that initially land would be made available by the Government, but in later stages through the exchange of land from the sugar cane plantations in payment for irrigation, and through the land reform bill now being prepared.

The President asked about the size of SUDENE. Dr. Furtado replied that he had about 200 technicians now but that he had an active program for training additional professionals and he hopes to reach 500 within a year.

When the President expressed concern for the people of the area who suffer from a shortage of food, a high rate of infant mortality and other symptoms of acute depression, Dr. Furtado replied that it is awareness of this situation which makes President Quadros accept the improvement of the Northeast as the number 1 task of his Administration.

The President read the press release which he approved and subsequently issued.

After closing remarks, the party was escorted to another part of the White House for a private showing of a Bell and Howell film on the Northeast in which Dr. Furtado played a prominent role.



INCOMING AIRGRAM *Department of State*

732.5-MSP/7-1461

XR 832.56 B05626

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PAGE 1 OF 4 PAGES

55
Action

Date Sent: July 14, 1961
Rec'd:

ARA-13
Info
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INR-8
L-3
P-5
CU-5

FROM: SÃO PAULO

TO: Secretary of State

NO: A-2

JUL 21 4 24 PM '61

RPTD INFO: Amembassy RIO DE JANEIRO A-2

CIA-15
USIA-15

Department's CG-1061, June 22, 1961.

Following is partial list of foundations, trusts, and similar philanthropic institutions with headquarters in São Paulo Consular District.

Fundação Anita Pastore d'Angelo
Praça Almeida Júnior, 63; São Paulo, S. P.
Maintains trade school and institute of cardiology.

Fundação Antonio-Antonieta Cintra Gordinho
Rua 15 de Novembro, 244-4º; São Paulo, S. P.
Assists students and farm workers.

Fundação "Antonio e Helena Zerrener"
Rua São Joaquim, 72, São Paulo, S. P.
Maintains medical services, etc., for employees of "Antartica" company.

Fundação Armando Álvares Penteado
Rua Barão de Itapetininga, 88-2º; São Paulo, S. P.
Maintains school of art.

Fundação de Assistência Social Sinhá Junquira
Rua Boa Vista, 208-9º; São Paulo, S. P.
Assists needy persons in general.

Fundação Beneficente "Martha e Erico Stickel"
Rua Brigadeiro Jordão, 902; Campos de Jordão, S. P.
Assists handicapped children and others.

Fundação Britanica de Beneficiência
Rua Barão de Paranapiacaba, 116, São Paulo, S. P.
Maintains home for aged.

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Fundação Casper Libero
Rua Conceição, 88, São Paulo, S. P.
Maintains Escola de Jornalismo., 2 newspapers, radio, 2 television, and assistance for employees.

Fundação Dona Clara
Rua Dr. Pedro Costa, 12; Taubaté, S. P.
Assists seminary students and others.

Fundacão Instituto Educational "Dona Michie Akama"
Rua Vergueiro, 2625; São Paulo, S. P.
Promotes education of women.

Fundação Edith Robell
Rua Vilela, 307, São Paulo, S. P.
Assists employees of "Probel" company.

Fundação Educandário "Pestalozzi"
Rua Cardoso de Almeida, 313 (Perdizes); São Paulo, S. P.
To train Catholic lay workers.

Fundação Escola de Sociologia e Política de São Paulo
Rua General Jardim, 522; São Paulo, S. P.
Promotes social science studies and training.

Fundação Gil Pimentel de Moura
Rua Gil Pimentel de Moura, 208; Lins, S. P.
Assists and educates poor children.

Fundação Henrique de Cunha Bueno
Rua Washington Luiz, 1299, Chácara Bela Vista; Ipaussú, S. P.
Assists children and aged persons.

Fundação Imperatriz D. Maria Leopoldina
Rua Barão de Paranapiacaba, 25-109; São Paulo, S. P.
Assists and educates poor children.

Fundação Julita
Estrada de Itapicerica, Bairro de Capelinha; São Paulo, S. P.
Assists and educates orphan children and poor families.

Fundação Lar de São Bento
Largo de São Bento, s/n; São Paulo, S. P.
Assists and educates poor children.

Fundação Lar Espírita Maria Tereza de Jesus
Rua Washington Luiz, 80; São Paulo, S. P.
Maintains orphan asylum.

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Fundação Major Nováis
Jaboticabal, S. P.
Assists handicapped and abandoned children.

Fundação Nossa Senhora Auxiliadora do Ipiranga
Praça Dr. João Mendes, 154-5º, São Paulo, S. P.
Maintains orphan asylum and schools.

Fundação Nossa Senhora do Patrocínio
Bairro de Pirapora, Araras, Estado de São Paulo
Maintains home for the aged.

Fundação para o Libro do Cego
Dr. Diogo Faria, 558; São Paulo, S. P.
Assists the blind.

Fundação Paulista Assistência à Infância
Rua Prates, 263; São Paulo, S. P.
Assists children.

Fundação Prada de Assistência Social
Rua Florência de Abreu, 181, São Paulo, S. P.
Maintains day nursery.

Fundação Romi
Avenida Municipal, Santa Barbara d'Oeste, S. P.
Assists employees of "Romi" company.

Fundação de Rotarianos de São Paulo
Rua Dr. Vila Nova, 285, São Paulo, S. P.
Maintains school for children.

Fundação Santa Terezinha
Rua Iguatemí, 564-1º, Apto. 14; São Paulo, S. P.
Assists invalid sacerdotes.

Fundação Santos Dumont
Avenida Ipiranga, 84; São Paulo, S. P.
Promotes development of aeronautics; maintains museum.

Fundação São Domingos
Rua João Bricola, 39; São Paulo, S. P.
Assists personnel of member firms, and other persons.

Laws

Foundations, trusts, and similar institutions are subject to

0638

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~~This document consists of 2 pages, Copy No. 1 of 10 copies, Series A.~~

732.5-MSP/7-1561

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Action: ARA-13

Info: RMR INR S/S S/P G L E BIFAC ICA ~~E~~ CIA NSA ARMY NAVY AIR OSD

Date Sent: July 15, 1961

Rec'd: 7/14 ES7B

FROM: Amembassy Rio de Janeiro 000001

TO: Secretary of State

NO: A-18

INFO:

RM/R FILES SERIES AB

COPY NO. JUL 17 2 04 PM '61

Pub. Negation ES7/B: JWLudlum-lmw 7-31-61

Ref: Embtel Niact 44 and previous

Following is English translation report sent July 10 from President Brazilian Element JBUSMC to FonMin Arinos:

"I have the honor to present to Your Excellency the report of the Mixed Brazil-US Military Commission on Note No. 4 of July 6, 1961 from the Embassy of the United States of America with reference to Radio Rio, and which was presented to us by the North American delegation to this Commission.

(2) Radio Rio was installed in this country as a result of the agreement arrived at between the governments of Brazil and the United States of America on October 1, 1942, for the purpose of close collaboration for the security of the continent.

The conditions of cooperation established at that time, unless I am mistaken, were completely ratified, in letter and in spirit, by the Military Assistance Agreement of March 15, 1952, /which was/ a consequence of the Inter-American Treaty of Reciprocal Assistance.

(3) Radio Rio is a special concession to the United States of America which was not given to other countries because they did not have similar agreements with Brazil and from which /countries/ we receive nothing to maintain in an adequately modernized state the structure of our Armed Forces, indisputable mainstays of national security.

(4) The reasons for its existence, the interlacing of the Armed Forces of our two countries, and the facilities ~~xxx~~ which at any time enable us to control said communications station installed in our own Navy and under its direct protection, eliminate the possibility that Radio Rio might be a threat affront to the sovereignty of Brazil and to its national security.

Much to the contrary, an important piece of the communications system for the defense of the Hemisphere which must b

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installed in peace time and maintained in constant activity, [Radio Rio] also contributes to our own defense in addition to permitting a considerable economy, which is beneficial to [redacted] the funds destined for Brazil under programs of Military Assistance and others.
(5) Therefore, this commission judges the request made by the government of the United States of America that our government reconsider its decision in the case of Radio Rio, to be sufficiently justified.

I take the opportunity to present to Your Excellency my protests of high esteem and distinct consideration.

Signed: General of the Army, Nelson de Mello President of JBUSMC."

CABOT

TMTonkin:HHQuinn:jw

July 14, 1961.

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FOREIGN SERVICE DESPATCH

For Department Use Only
732.5-MSP/7-2061

FROM: American Consulate, Santos, Brazil NO. 9

TO: THE DEPARTMENT OF STATE, WASHINGTON. DATE: July 20, 1961

REF: Department's Airgram No. CO-1061 dated June 22, 1961

For Dept. Use Only	ACTION	INFO	DEP	RM/R	REP	AF	ARA	EUR	FE	NEA	CU	INR	E	P	SCI	ICA
	ARA-4			2							5	7	3	3	5	11
			OTER	AGR	COM	FMC	INT	LAB	TAR	TR	AMB					
	RECD 7-24-61			AIR	ARMY	CIA 10	NAVY	OSD	OCB	USIA 10						

SUBJECT: LIST OF FOUNDATIONS, TRUSTS OR SIMILAR PHILANTHROPIC INSTITUTIONS IN THE SANTOS CONSULAR DISTRICT.

The following is a list of philanthropic institutions in the Santos consular district:

Sociedade Beneficiaria Empregados Comercio,
Praça José Bonifacio 59.

Instituto Dna. Escolastica Rosa,
Av. Bartolomeu de Gusmão 111.

Associação Protetora de Surdos Conselheiro Moreira,
Rua 7 de Setembro 72.

Associação Feminina de Instrução e Trabalho
Para Cegos,
Av. Conselheiro Nebias 649.

Associação Protetora dos Pobres,
Av. Conselheiro Nebias 739.

Associação Litoral Anchieta-ALA,
Av. Conselheiro Nebias 791.

Associação Cristã Beneficente de Santos,
Rua Comendador Martins 31.

Associação á Infancia de Santos (Gota de Leite),
Av. Conselheiro Nebias 388.

Associação "Casa do Senhor",
Av. Conselheiro Nebias 226.

Virgil P. Randolph, III, REPORTER — ~~OFFICIAL USE ONLY~~

FORM 6-61 FS-439 GPO 912596

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ACTION ASSIGNED TO:		ACTION TAKEN	
NAME OF OFFICER & OFFICE SYMBOL		DATE OF ACTION	DIRECTIONS TO RM/R



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(Unless open)

Associação Protetora da Infancia Desvalida
(O.Criança),
Av. Cons. Rodrigues Alves 120.

Associação Auxilio aos Hospitaleiros,
Av. Conselheiro Nebias 124.

Asilo de Invalidos de Santos,
Av. [illegible]

Circulo Operario de Santos,
Rua Marechal Deodo Junior 94.

Circulo Operario de Vicente de Carvalho,
Rua Conselheiro Nebias 35.

Casa Vermelha [illegible],
Praça dos Andradas 3.

Congregação dos Surdos Mudos Cantista,
Rua São Francisco 96.

Casa da Esperança,
Rua Tenente Leopoldino 9.

Centro [illegible] Menino Jesus",
[illegible] 312.

Comunidade Crista "Lar Venerando" (1º predio),
Rua Xavier de Toledo 130.

Comunidade Crista "Lar Venerando" (2º predio),
[illegible] 13.

Creche "Divina Providencia",
Av. Cons. Rodrigues Alves 323.

Creche do Menino Jesus,
Rua Napoleão Laureano.

Cruzada das Senhoras Católicas,
Av. Conselheiro Nebias 152.

Educandario Analia Franco,
Av. Ana Costa 277.

Educandario Santista,
Av. Conselheiro Nebias 680.

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Escola Nossa Senhora do Lourdes,
Curit. Cons.

Instituto Clavo Xaxier (fem),
Av. Ana Costa 357.

Instituto Clavo Xavier (masc.),
Rua Floriano Peixoto 309.

Legião Brasileira de Assistência,
Rua Ermelino Matarazzo 37.

Lar Nazaré,
Rua Silva Jardim 154.

Lar dos Velhos Operários,
Av. Ana Costa 3[illegible].

Rádio Paranaense de Curitiba da A.E.C.C.,
Rua Alcindo Guanabara 38.

Sociedade Civil [illegible] da Prole,
Av. Cons. Rodrigues Alves 311.

Sociedade [illegible] dos Pobres "Allan Kardec",
Rua [illegible] 673.

[illegible]
Sérgio P. Machado, III
Consul General

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HANDLING INDICATOR

FOREIGN SERVICE DESPATCH

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732.5-MSP/7-2061

FROM: Amconsul SALVADOR, Brazil — -6- NO. — July 20, 1961 DATE

TO: THE DEPARTMENT OF STATE, WASHINGTON.

REF: CG-1961 of June 22, 1961 and

	APPROP	INFO	DEPT	RM/R (2)	REP	AF	ARA	EUR	FE	BIFMC 5	CU 5	INR 7	E 7	P 3	IO	ICA 11
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	RECD 7-28-61			AIR	ARMY	CIA 10	NAVY	OSD	OCB	USIA 10						

SUBJECT: Philanthropic Institutions in the Salvador Consular District.

In accordance with the Department's request, the following information is submitted concerning philanthropic institutions in this area.

1. List of foundations, trusts or similar philanthropic institutions:

Santa Casa de Misericórdia, Rua da Misericórdia no. 6;

Associação dos Empregados do Comércio da Bahia, Rua Juliano Moreira no. 1;

Associação das Senhoras de Caridade, Rua Frei Caneca 10;

Asilo Conde Pereira Marinho, Avenida Leovigildo Filgueiras no. 25;

Asilo de Mendicidade, Avenida Luiz Tarquínio;

Colégio dos Orfãos de São Joaquim, Avenida Frederico Pontes;

Colégio das Orfãs S.S. Coração de Jesus, Avenida Joana Angélica no. 183;

Colégio Nossa Senhora do Desterro, Largo do Desterro;

Liceu Salesiano do Salvador, Praça Conselheiro Almeida Couto;

Liga Bahiana Contra a Mortalidade Infantil, Praça 2 de Julho;

Liga Bahiana Contra o Câncer, Avenida Dom João VI, 330;

Fundação Anti-Tuberculose Santa Terezinha, Rua Dom

PBMcCarty:ym — REPORTER — OFFICIAL USE ONLY

FORM 6-61 FS-439 GPO 912586

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ACTION ASSIGNED TO:	ACTION TAKEN	DIRECTIONS TO RM/R
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	

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João VI, nos. 263/75;

Fundação Santa Luzia, Praça Conselheiro Almeida Couto, no. 2;

Instituto dos Cegos da Bahia, Rua Augusto Guimarães, no. 44;

Instituto de Proteção e Assistência à Infância, Rua Marquês de Monte Santo no. 11;

Instituto Nossa Senhora da Salete, Rua Aurelino Leal, no. 3;

Instituto Feminino da Bahia, Rua Monsenhor Flaviano 2;

Instituto Brasileiro de Investigação da Tuberculose, Rua Bento Gonçalves;

Instituto Bom Pastor, Rua Waldemar Falcão 82.
Abrigo Santo Antonio (Irmã Dulce), Av. Bonfim, no. 3.

2. The Consulate made appropriate inquiries and has been informed that there are no laws pertinent to such institutions, either encouraging, discouraging or limiting them in this area. They are normally assisted financially through the Government by Decree, upon presentation of sufficient evidence that the organization is in the public interest. It may therefore be assumed that the establishment of foundations and other philanthropic undertakings in connection with the "Alliance for Progress" would receive no opposition here and would probably be most welcome.

FOR THE CONSUL:

Paul B. McCarty
American Vice Consul

cc: Amembassy, Rio de Janeiro.

0645

(45)

RM/R
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Dhb

August 7, 1961

CONFIDENTIAL

Memorandum for the Director, Office of Latin American Operations

INTERNATIONAL COOPERATION ADMINISTRATION

Issued 732.5-MSP/8-161

Subject: Embtel 261 dated August 1 from Rio de Janeiro

732.5-MSP/8-161

ARA is very anxious to see the United States proceed with the commitments undertaken with respect to Northeast Brazil. I understand O/LA is assembling the team that is to go to the area. You will recall that the President was assured by Mr. Bowles that September 1, or sooner, is a likely target date. In the light of the contents of the telegram under reference it is believed that speed of implementation is a matter of importance.

Milton Barall
Deputy Assistant Secretary
Bureau of Inter-American Affairs

(1) ARA/MBarall:jk
8/4/61

CONFIDENTIAL

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Control: 966
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7:36 p.m.

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ARA: EST 139. 8-14-61

FROM: Rio de Janeiro

TO: Secretary of State

NO: 261, August 1, 5 p.m.

ACTION DEPARTMENT 261 INFORMATION RECIFE UNNUMBERED

Reference Recife CONTEL to Department 33; to Rio 40

JOINT EMBASSY/USOM MESSAGE

Share concern possibility dramatic Soviet offer aid NE Brazil and danger subsequent announcements our part appearing as mere defensive reaction. Fact that entire range Sudene external financing requirements being given serious consideration by US or free international agencies not yet properly reflected in Brazil and NE press coverage. Much adverse comment on mistaken assumption program almost limited to FFP (see TOICA A-234; Recife CONDESP 31). Believe firmly present USG policy sound. Would not recommend change; however, important to move forward with greatest speed particularly appointment very prominent leader of team.

Announcement designation leader would give us excellent opportunity well-publicized statement breadth of US and associated international agencies approach stressing prospects aid other than food surplus as projects properly developed and immediate cooperation on specific items.

Prospect Soviet action adds urgency to effort secure Schultz acceptance promptly.

CABOT

MDF-3

732.5-MSP/8-161

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732.5-MSP/8-861

Ms. Blachley

INTERNATIONAL COOPERATION ADMINISTRATION

SECURITY CLASSIFICATION (CONFIDENTIAL)

PAGE 1 OF 1 PAGES

DATE SENT

DATE RECEIVED 8/15/61

FROM: Rio de Janeiro

SUBJECT: Public Information on Point IV Program in Brazil

REFERENCE: (Check one before each address) Joint State-ICA-USIA message CA-2023, 8/4/61

DISTRIBUTION	ACTION	INFO
ACTION	X	
INFO.		

ADDRESS AND SERIAL NUMBER

ICA/W A- 290

Attention: Mutual Security Information Staff

As requested in referenced joint message, attached are three copies each of the following public information reports on Point IV activities in Brazil:

Address by Assistant Director Leonard J. Saccio to visiting Delegates of the General Federation of Women's Clubs, Rio de Janeiro, 8/12/61.

A short statement on Point IV Operations in Brazil, together with an equally brief summary of U.S. Government Economic Assistance.

Point IV Technical Assistance in the Amazon.

Point IV Technical Cooperation in the Northeast.
Point IV Technical Cooperation for the Brasilia Region.

Point IV Technical Cooperation in the South of Brazil.
Point IV Technical Cooperation in Minas Gerais
Point IV Technical Cooperation in Espirito Santo.

A similar summary of the nature, objectives, scope, and accomplishments of the technical cooperation program in the State of São Paulo and Espirito Santo, is presently being revised and brought up to date, and will be forwarded as soon as available.

732.5-MSP/8-861

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AIRGRAM — **INTERNATIONAL COOPERATION ADMINISTRATION**

SECURITY CLASSIFICATION: ~~UNCLASSIFIED~~

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FROM: Rio de Janeiro

SUBJECT: Public Information on Point IV Program in Brazil

REFERENCE (Check one before each address): Joint State-ICA-USIA message CA-9023, 5/7/51

PAGE 1 OF 1 PAGES

DATE SENT ~~5-8-51~~

DATE RECD 5/8/51

DISTRIBUTION ACTION | INFO

ADDRESS AND SERIAL NUMBER

ICA/W USIA A- 290

Attention: Mutual Security Information Staff

As requested in referenced joint message, attached are three copies each of the following public information reports on Point IV activities in Brazil:

Address by Minister-Director Leonard J. Saccio to visiting Delegates of the General Federation of Women's Clubs, Rio de Janeiro, 5/12/51.

A short statement on Point IV Operations in Brazil, together with an equally brief summary of U.S. Government Economic Assistance.

Point IV Technical Assistance in the Amazon.

Point IV Technical Cooperation in the Northeast.
Point IV Technical Cooperation for the Brasilia Region.

Point IV Technical Cooperation in the South of Brazil.
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THE FOREIGN SERVICE
OF THE
STATES OF AMERICA

ENCLOSURES TO AIRGRAM TOICA A 290

SUBJECT: PUBLIC INFORMATION ON POINT IV PROGRAM IN BRAZIL

88888

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

ENCLOSURES TO AIRGRAM TOICA A 290

SUBJECT: PUBLIC INFORMATION ON POINT IV PROGRAM IN BRAZIL

0590

POINT IV TECHNICAL ASSISTANCE IN THE AMAZON

I PUBLIC HEALTH

U.S. assistance to Brazil in the field of public health, which began in the Amazon Basin in 1942, has played a major role in the successful development of the Special Service of Public Health (SESP), which was jointly established and directed by professional health experts of Brazil and the United States. In April of 1960 the Brazilian Congress passed legislation which transformed SESP into a permanent foundation with nation-wide authority and scope, under complete administrative direction, of Brazilian authorities. Continuing technical assistance is provided by a staff of Point IV Public Health advisors.

In the Amazon Basin, as far up the river system as Benjamin Constant of the Peruvian border, the Fundação SESP operates some 65 health posts, including a number of hospitals; most of these facilities were designed and constructed by SESP. Necessary funds are provided by the Amazon Development Commission (SPVEA - Superintendencia do Plano de Valorização Economica da Amazônia). Each health post provides medical treatment, public health nursing, maternal and child care, sanitation, and health information to the local community and the surrounding region. SESP health programs deserve most of the credit for the increase in the average life span in the Amazon region by approximately 10 years since 1942.

The contribution of the United States to the development of these SESP health services has consisted of technical assistance and professional training given by many Point IV public health specialists in Brazil, advanced studies and training in the U.S., provision of a substantial amount of necessary equipment and commodities from the U.S. , and a modest proportion of funds for local expenses.

Basic health problems in the disease-ridden Amazon are malaria, intestinal infections, parasitic diseases, tuberculosis, and less critical affictions such as worm infestations, yaws, filiriasis and leprosy.

Assisting the National Department of Endemic Diseases (DNRu) and the Fundação SESP, Point IV is contributing trucks, spray equipment, drugs and DDT to Brazil's malaria eradication campaign. In the Amazon Basin the means of eradication is the spraying of houses and areas where larvae breed, and large-scale distribution of anti-malarial drugs.

Community water supply development has been a major element of the Fundação SESP's health programs in the Amazon: over 40 towns now have water supply systems designed and constructed by SESP, which administers 15 of the systems. Another notable SESP engineering feast was the construction of a dike that protects the city of Belém from tide waters and floods.

The Evandro Chaga: laboratory in Belém, operated by the SESP Foundation, conducts research on virus diseases, a major



health hazard in the Amazon. SESP plans to expand this laboratory into a training center for study and research on communicable diseases. Associated with this institution is a virus laboratory administered by the Rockefeller Foundation, at which SESP physicians undergo special training in certain laboratory techniques.

Point IV health specialists have also advised the School of Medicine and the teaching hospital of the University of Para, at Belém, where a number of SESP's professional personnel have been trained. At Manaus, the SESP Foundation operates an excellent School of Nursing.

On larger rubber plantations at Fordlandia and Belterra SESP has research projects in dental health.

Since 1942 over forty physicians, nurses and enginaers from the Amazon region, as well as several nutrition specialists, have completed advances studies and training in the U.S. under the auspices of the United States Government, for periods of four months to a year and a half.

II AGRICULTURE

Since 1940 the U.S. Government has been providing the assistance of research specialists and technical advisors to help promote rubber production in the Amazon region. Until 1959 attention was focused primarily on development of a high-yielding rubber tree, resistant to the highly destructive South American leaf blight. The research activities have now been turned over in their entirety to the Research Department of the Ministry of Agriculture.

More recently Point IV technical specialists have advised projects contributing to the increase of rubber production in the States of Para, Mato Grosso, and Amazonas, and the Territories of Amapá, Rondonia and Acre. These joint efforts involve the Amazon Development Commission (SPVEA), the Ministry of Agriculture, the National Colonization Institute and the joint Brazil-U.S. agricultural service, known as the Escritório Tecnico de Agricultura (ETA).

During the next five years it is planned to plant 50,000 acres of rubber trees with superior varieties of planting materials developed through research and experimentation of U.S. technical advisors and several Brazilian counterparts. Point IV experts have assisted in setting up a number of nurseries for propagation of planting materials. The resident Point IV advisor helps to train technicians and farmers in cultural and harvesting methods, visits rubber plantings to offer guidance on improved management and production techniques, and participates in overall planning of the cooperative rubber development program.

The president U.S. rubber advisor from the Brazil-U.S. agricultural service (ETA) is Mr. Harold Hanson. His predecessor



Mr. Robert Bartlett, was stationed in Belem from 1957 to late 1960.

An earlier phase of Point IV technical assistance in the Amazon region was a survey of the agricultural potential of the Territory of Amapá by former Point IV Tropical Horticulture Advisor Klaro S. Markley, which was submitted to the territorial governor. Dr. Markley also conducted seminars on crop production for agriculturalists from Amapá, and provided considerable technical information in response to requests from a number or producers of vegetable fats and oils and other agricultural products in various parts of the Amazon and the Northeast.

III MINERAL INVESTIGATIONS

At the request of the Brazilian Government and in cooperation with technician from the National Department of Mineral Production (DNPM), two North American geologists from the U.S. Geological Survey (John Van N. Dorr II and Charles E. Park, Jr.) studied the geology of one of the largest deposits of high grade (averaging 46%) manganese ore in the Western hemisphere, located along the Amapari River in the Serra do Navio district of the Territory of Amapá. The report of their field investigations, published in 1949, was one of the basic studies that has made possible the development of a vital mineral resource that presently earns for Brazil about $25 million dollars annually in foreign exchange. This mine, operated by Industria e Comercio de Minerios, S.A., was designed for an annual production of 600,000 tons of ore; production may be increased to 1,000,000 tons by addition of more equipment. Development cost of the property, advanced by loans from the United States Export-Import Bank, was nearly $50,000,000 dollars.

IV. POINT IV TRAINING IN THE U.S. AND OTHER COUNTRIES

Many Brazilian technicians and other professional persons from the Amazon region have gone to the United States or other countries under U.S. Government programs for advanced studies and training and special observation tours, for periods of as long as eighteen months. Since 1955 alone, 43 technicians from the Amazon have completed Point IV training abroad in various specializations relating to health and sanitation, public administration, agriculture, trade unions and labor relations, community development, transportation, and industrial development. Like all Point IV activities, these training grants are disigned to improve knowledge, skills, and professional capabilities in fields contributing to Brazil's economic and social development.

U.S. Operations Mission/Brazil
Program Office
U.Wittig:ec
June 5, 1961.

0654

POINT IV TECHNICAL COOPERATION IN THE NORTHEAST

I. AGRICULTURE

1. Extension, Supervised Credit & Home Economics

Since early 1955 U.S. technicians of the joint Brazil-United States Agricultural Service (ETA), working with their Brazilian counterparts, have been providing technical assistance in the development of the country's national and state agricultural extension and, to some extent, the rural credit programs, which are designed to help increase agricultural production and to improve farming and family living conditions of Brazil's rural population. In the Northeast, through this joint agricultural service, several Point IV extension specialists have been serving as advisors to state and regional extension staff and to some of the local extension agents operating from municipio offices in the drought region, namely in the states of Ceara, Rio Grande do Norte, Paraiba, Pernambuco, Alagoas and Bahia.

The Brazilian extension team helps rural people in planning programs and activities based upon their expressed needs and desires for technical assistance and for information relating to farming and home improvement.

The county agent partner of the Brazilian extension team advises farmers on such matters as planting and care of crops, production and storage of forage, soil and water conservation and erosion control practices, selection of improved seed, use of fertilizers and insecticides, proper care of livestock and many other farm problems, while the home economist, the woman of the team - provides information to rural housewives on questions of home improvement, health and hygiene practices, nutrition, the production, preparation and storage of food for the family, making clothing, and child care. These home economics extension workers also contribute to the improvement of rural housing by helping families to develop plans for new construction or remodeling of homes. An outstanding feature of this work has been the introduction of labor-saving equipment at minimum cost, most notably improvement of the traditional type of cook stove by installing chimneys and a baking oven; plans for making improvised bake ovens from oil cans; and the introduction of a wooden washing machine developed by International Cooperation Administration (Point IV) technicians in the U.S., which is beginning to be produced in Brazil at an average cost of Cr$2,000 (US$10).

An increasingly important part of the Brazilian extension program is Rural Youth and Club Work (4-S), with its emphasis on modern agricultural and home economics practices and improvement of rural living conditions through projects and activities which also provide training in good citizenship and community responsibility for Brazil's future farmers and housewives. There are presently nine 4-S clubs (boys and girls between 9 and 18) in four states of the Northeast; others will soon be established in Bahia. U.S. and Brazilian advisors from the joint agricultural service (ETA) offer technical consultation and guidance to these clubs, as in other phases of the extension programs.

Since 1955, Point IV specialists have been furnishing technical advisory services from time to time to the Bank of the Northeast and to the agricultural extension services in the fields of agricultural economics and agricultural credit.



Supporting the extension and credit programs in the Northeast is a regional training center at Recife (CETREINO), where extension agents and home economics advisors are given intensive instruction to prepare them to help serve the needs of the farm population. Subjects taught include the extension philosophy, organization, methods and operation. An information service is being established at this center to publish useful materials for distribution to farm families.

The Point IV technicians contribute in various ways to the expansion and improvement of agricultural extension services in Brazil. Each U.S. advisor from the joint Brazil - U.S. agricultural service (ETA) works jointly with several Brazilian technicians and often with several administrators of agricultural projects, as well. He advises periodically on program planning and development and participates in the professional training of many of the young Brazilian technicians who carry on field services in agricultural extension, home economics, and rural youth work. He helps to organize and takes an active part in conferences seminars, workshops and short courses. He collaborates in the selection of promising professional persons associated with agricultural extension, rural credit home economics and rural youth work for advanced training and special study and observation programs in the U.S. and other countries under Point IV sponsorship.

Point IV technicians resident in the Northeast who work directly with the extension programs are E. Dale Hoecker, stationed in Fortaleza, who is Area Extension Advisor to Ceara and Rio Grande do Norte; Lowell H. Reed at Recife, Area Extension Advisor to Pernambuco and Paraiba; William H. Taylor, Area Extension Advisor in Bahia; and Miss Eugenia Donahue, Home Economics Advisor in these five states. Other Point IV specialists and their Brazilian colleagues from the joint agricultural service (ETA) in Rio de Janeiro on occasion offer consultation on particular problems, as needed and as requested by Brazilian authorities. Their fields of special competence include extension information, agricultural education, soil and water conservation and management, engineering and irrigation, agricultural credit, marketing, poultry production, and dairy production and processing of dairy products.

2. Agricultural Research

In the past there has been little useful agricultural research of a nature which would lead to improvement of the chronic food and feed deficiencies in the Northeast. ETA is collaborating with the Federal Agronomic Institute of the Northeast in aiding agricultural research within the region, directed toward these needs. This preliminary effort has consisted principally of introduction and testing of improved varieties of grain and forage sorghums, peanuts, sesame, castor beans, and corn, and assisting in publishing the results thereof.

Although the Institute itself has for various reasons been unable to undertake direcly any considerable research on crop and soil management, it has been cooperating with other agencies in the region in efforts to promote such research, to which the joint Brazil - U.S. Agricultural Service lends technical support.

The resident Point IV Agricultural Research Advisor from ETA who is assisting in the above activities is Dr. James L. Haynes, who recently prepared a comprehensive report on agricultural resources of the State of Pernambuco.

3. Dairy Production in Pernambuco

Another project in which the joint agricultural service participates is designed to stimulate dairy production in the State of Pernambuco, with special emphasis on developing sources of milk supply for the Recife area. Up-to-date technical information on dairy husbandry, pasture improvement, and milk production has been disseminated through this project, which has made advisory services available to many cooperating dairymen and to rural cheese and butter plants. Technical assistance has been given in planning and installing milk receiving and cooling stations, one of which is now in operation; three others are ready to begin functioning as soon as the state-owned Recife milk plant opens. This joint project has introduced the use of trench silos to store feed for the long annual dry season, and has distributed enough palma cactus - a type of forage furnishing subsistence for cattle which will grow in extremely dry areas - to seed hundreds of acres. Another significant Point IV contribution was the invention of a simple method of curing manioc tops to produce hay.

The resident Point IV technician collaborating in these activities is Livestock Advisor Henry B. Morrison.

4. Humid Valleys in Rio Grande do Norte.

A preliminary survey to determine the feasibility of reclamation of humid valleys in the state of Rio Grande do Norte has been completed with the help of Point IV specialists, who are now participating to some extent with the State Secretariat of Agriculture and the Federal Ministries of Agriculture and Health in a demonstration project in the Punau and Mazarangupe Valleys to show the effectiveness of simple drainage and irrigation methods for developing previously unusable land for intensive crop cultivation. ETA also extends some technical assistance to a small agricultural settlement program in conjunction with this reclamation project.

5. Cacao Zone in Bahia

Bahia is Brazil's major producer of cacao, which is the country's second most important export crop.

Point IV cooperative activities in the cacao region of Bahia, over a number of years, have taken several forms, namely: (1) technical consultation on selection of high-yielding seedling trees for testing as to suitability as a source of superior planting stock (2) participation in organizing practical courses on cacao culture (which have been completed by about 650 supervisors and growers); and (3) some professional guidance in the past to county extension services on their activities to help increase production and improve living conditions among the cacao producers. The research work has been undertaken through the Agronomic Institute of the East and the Cacao Institute of Bahia, which has also offered the courses in cacao.

Tropical Horticulture Advisor David Robertson is the Point IV cacao specialist assigned to this area.

6. Poultry Production in Bahia

Specialists from the joint Brazil-U.S. agricultural service (ETA) act as technical advisors to a poultry demonstration project sponsored by the Federal and State Governments at the Nucleo Colonial, located about 70 kms. north of Salvador at Mata de São João. Project demonstration units, which are designed to show efficient, economical poultry housing and management practices, are of two types, i.e., larger poultry houses of a semi-commercial type suitable for 1,000 broilers or 300 layers, and model units for 100 broilers or 25 layers, appropriate for 4-S youth club projects and for farm family consumption. The broilers and eggs raised in this agricultural colony are marketed in Salvador. In addition to serving as a demonstration for local farmers, who have earned substantial profits with the semi-commercial poultry units and have set up 80 of the smaller units, this poultry demonstration is expected to enable specialized training of some of the county and state agricultural and home economics extension workers.

Sr. João Meireles is the resident agronomist in charge of the project, which receives technical support from Point IV Poultry Advisor David B. Mellor and Brazilian technicians from the joint Brazil-U.S. agricultural service (ETA).

7. Relationships with Rural University, State of Minas Gerais

At the Rural University of Minas Gerais, at Vigosa, U.S. professors from Purdue University, under a contract with the International Cooperation Administration (Point IV) of the U.S. Government, are working with a program designated to expand and improve higher education in agriculture and home economics. The intent is to make of the Rural University a model institution, with coordinated teaching, research and extension programs to train teachers and students and to bring the latest agricultural information and practices directly to rural families.

A number of rectors and other high officials of agricultural and veterinary colleges in the Northeast have visited the Rural University of Minas Gerais to observe and discuss this model institutional program with the Brazilian and Point IV professors. In January and February 1960, twenty-two agricultural professors and engineer-agronomists from colleges and research stations in Ceará, Paraíba, Pernambuco and Bahia participated in special five-week courses given there in the fields of marketing, horticulture, farm machinery, soils, pasture management and research methodology.

Four professors of agriculture from the Northeast are now pursuing advanced studies at the Rural University of Minas Gerais. It is expected that numbers of other agricultural specialists from the Northeast will also profit by closer relationships with this institution.

The Point IV professors will offer short courses, upon invitation, at agricultural colleges in the Northeast and elsewhere in Brazil, and are available for consultation on agricultural matters at educational institutions, training centers, experimental stations, and other institutions.



II - PUBLIC HEALTH

The United States Government has furnished technical assistance to the Northeast of Brazil in the field of health since the early 1940's, chiefly through the Special Service of Public Health (SESP), which was jointly established and administered by professional health authorities of the two governments. SESP has now become a federal public health agency - known as Fundação SESP - under the sole administrative direction of Brazilian authorities with continuing technical assistance and advisory services from public health specialists of the U.S. Operations Mission (Point IV).

The Northeast is the area having the greatest concentration of SESP Public Health services and activities, furnished principally through a network of 90 health posts, including a number of hospital facilities, most of which were designed and constructed by SESP or under the direction of SESP personnel. The health posts provide a wide range of services to the local community and to the surrounding region, including medical treatment, public health nursing, maternal and child care, sanitation, disease eradication programs, dental public health and health education of the public. Basic health problems in the area are intestinal infections, malaria, schistosomiasis, tuberculosis, and parasitic diseases, including worm infestations. The Point IV health experts stationed in Rio de Janeiro offer technical advisory services to some of these health facilities and collaborate in certain phases of professional training.

With considerable technical assistance from Point IV engineering consultants, SESP has designed and installed 22 community water supply systems in the Northeast, most of which SESP continues to administer or maintain. These are located in the States of Maranhão, Piauí, Ceará, Rio Grande do Norte, Paraíba, and Pernambuco. SESP is presently constructing or helping to install an additional 101 water supply systems throughout Brazil, of which a large number are in the Northeast. Many of these are already operative.

At Fortaleza, Ceará, a U.S. Point IV specialist working with SESP and the Serviço Especial de Engenharia Sanitária do Ceará helped to establish and is conducting a six-month course for well drillers. Thirty technicians from throughout Brazil have completed the course, in which about 10 more soon will be enrolled. These and other Brazilian technicians who received Point IV training in the past have installed many wells in the Northeast. Elsewhere, in this region of Brazil, SESP in-service training provides field experience for a number of health personnel in analysis of community health needs, installation of water facilities, and home sanitary improvements. SESP and Point IV technicians also help states and communities with studies of ground water resources, water purification, and water pollution problems.

In cooperation with federal and state authorities and the UNICEF (FISI), and with assistance from the Point IV advisor in this field the SESP Foundation has played a leading role in developing plans for dental public health programs in Piauí, Ceará, Rio Grande do Norte, Paraíba and Pernambuco.

Several outstanding model institutions in the Northeast developed with the assistance of SESP and Point IV health experts include a large modern private hospital at Fortaleza, Ceara, and the combined hospital and health center built and operated by SESP at Alagoa Grande in the State of Paraiba. In the general area of Palmares, Pernambuco, SESP has been largely responsible for a remarkably sucessful program of community health services which has resulted in a drastic reduction of infant mortality among other benefits.

Point IV health advisors have made definite recommendations on curriculum development in schools of medicine, schools of public health, of nursing, sanitary engineering, and dentistry at the University of Ceara, Rio Grande do Norte, Recife and Bahia, as well as advising on in-service and field training activities in a number of local health agencies.

Point IV technicians work closely with the SESP Foundation and the National Department for Rural Endemic Diseases (DNERu) in organizing community health education programs in the Northeast.

Technical consultation has been given to the Instituto Aggeu Magalhães, to foster basic research on endemic diseases and research on the role of health education and the social sciences in health programs for communities.

Through the Point IV Mission in Brazil, the National Department for Rural Endemic Diseases (DNERu) and the Ministry of Health have been provided with commodities and the service of several experienced advisors to assist with the organization and implementation of Brazil's nation-wide malaria eradication campaign. Since 1958, over 2,000,000 pounds of DDT contributed by the U.S. Government have been delivered to the Northeast; more than half of this amount has been used to date in eradication measures underway in Ceará, Rio Grande do Norte, Paraiba, Alagoas, and Sergipe. Operations are scheduled to begin in Pernambuco in July 1961. In addition, the U.S. Government has contributed 122 jeeps, 67 spray trucks and 6 heavy-duty trucks for the Malaria Eradication Campaign in the Northeast. It has been reliably estimated that well over 4 1/2 million of the approximately 8 1/2 million people living in the malarial zone of the Northeast, which embraces an area about 178,000 sq. km., are being protected from malaria through this eradication program.

Since 1943 about 100 physicians, nurses, dentists, engineers and health education specialists from the Northeast of Brazil have completed advanced studies and training in the U.S. under the auspices of the International Cooperation Administration (Point IV), for periods of from six to twelve months.

III - COMMUNICATIONS MEDIA

A Point IV project with the National Campaign for Rural Education (CNER) of the Ministry of Education provides for the cooperative development of four regional audio-visual service centers throughout Brazil, which will:

1. Train agriculture technicians, teachers, health educators, community development advisors, and other specialists and technicians in audio-visual education methods, and,

2. Design and produce audio-visual materials (pamphlets, posters, exhibits, related photographic services, etc.) in response to needs of rural training programs.

One of those centers, inaugurated in January 1960, is located in Parque de Ondina in Salvador. Sr. Joaquim Coutinho Neto is the director of this CNER center.

Point IV has provided twelve months of audio-visual education studies at Indiana University for four professors from Bahia; has given technical training to a number of additional personnel who occupy key positions in the center; has contributed basic audio-visual equipment and materials for production and training purposes; and has been furnishing technical assistance in the establishment and operation of these facilities. In the near future a Point IV technician will be assigned to this center.

Plans include cooperative arrangements with the State Secretariat of Education and national agencies to offer some 17 courses on preparation and utilization of audio-visual educational materials, for primary school teachers from the state.

IV - PUBLIC AND BUSINESS ADMINISTRATION

1. University of Bahia

The United States Operations Mission (Point IV) has entered into an agreement providing for a program of technical assistance in public and business administration education with a number of Brazilian institutions, including the University of Bahia.

U.S. contract professors from the University of Southern California (Public Administration) and from Michigan State University (Business Administration) are now serving as consultants in the development of courses, teaching methods and materials, research methodology, and library resources. Brazilian professors nominated by the institutions are sent to the U.S. under Point IV auspices for advanced professional studies leading to a Master's degree, and in some cases doctoral studies, in their respective fields. Upon returning to Brazil they resume their teaching, curriculum development, and research responsibilities at these institutions.

Four professors of public administration and three professors of business administration from the University of Bahia are presently undertaking advanced studies at the University of Southern California and the University of Michigan, respectively, under Point IV auspices. Several others are scheduled to begin programs at both universities in September 1961. The Director of the University's School of Administration, Professor Oldegar Vieira, recently returned from a special Point IV observation tour of U.S. institutions.

The University has received to date nearly 500 books in various fields of business administration and 150 in public administration, donated by Point IV.

The U.S. professors assisting the University, Dean R. Cresap (Public Administration) and Dole A. Anderson (Business Administration), also help organize and conduct special conferences and seminars for local businessmen and government officials. They, Brazilian professors from the Getúlio Vargas Foundation School of Public Administration, and Point IV public administration advisors from Rio de Janeiro, conducted a seven-week course for state and municipal officials in Jan-Feb. 1961.

2. Earlier Technical Assistance

A Point IV Public Administration technician served as advisor on research activities to the Bahia Institute of Economics and Finance in 1956-57 and gave two special courses on economic development at the University of Bahia, which published several of his texts and studies on economics and regional development planning. At the Bank of the Northeast in Fortaleza, Ceará, he also presented several courses and lectures on industrial development and economic planning. A similar extension course was given at the University of Ceará.

From January of 1957 through April, 1958, another Point IV Public Administration technician worked with the Bank of the Northeast, advising as requested on internal administrative problems, and directing and training a team of specialists from the Bank in the analysis of administrative and financial aspects of municipal water supply systems and problems of extending bank credit in this field. He also conducted a three-month seminar on administration for selected Bank personnel and offered several lectures at the University of Ceará on general administration and administration of water supply services.

Since 1957 five officials of the Bank of the Northeast have received Point IV training grants for study in the U.S. and in Chile, in the fields of financing and management of public utilities, investment banking, economic development, and economic statistics.

3. Industry and Management Training

Under a new Point IV project for assistance in industry and management training a team of four prominent U.S. industrial executives conducted a one-week seminar in Salvador in March of 1961, in the fields of management, production, marketing and distribution and finance. Another group of U. S. executives will offer similar seminars at Campina Grande (Paraiba); Fortaleza, (Ceará), and Recife (Pernambuco) in August of 1961.

In April a group of 11 Brazilian industrial leaders, including several from the Northeast left for the U.S. for five weeks of orientation in successful modern management practices. Ten Directors of state productivity councils, including representatives of Northeastern states, are scheduled to visit the U.S., Mexico and Chile in July to observe the operations of productivity centers in those countries.

A collection of technical literature and related audio-visual materials has been furnished to the productivity centers in Salvador, Bahia, Recife, Pernambuco; Fortaleza, Ceará; and Campina Grande, Paraiba.

V - PUBLIC SAFETY

A cooperative public safety project is being implemented with the police agencies of certain states (one of which, Pernambuco, is in the Northeast), and the Federal Department of Public Safety. This program is designed to help strengthen the overall effectiveness of the police to maintain law and order. U.S. assistance emphasizes the concept that police operations are an important and necessary service to the public and that in the exercise of police powers the rights of the individual must be safeguarded.

Planning for U.S. assistance to the State of Pernambuco in this field began in 1959, when state officials requested Point IV to make a survey of the organization and needs of police agencies. A major element of the cooperative public safety program, which is an outcome of this survey, is technical advisory services on specialized aspects of police operational and training activities, covering such subject as criminal investigation, scientific crime detection, patrol, traffic, records, communications, police administration, and personnel management. Another component of this program is the Point IV contributions of a limited quantity of equipment necessary for training, demonstrational and operational purposes. Advance professional training in the U.S., as well as special study and observation tours, is arranged for key police officers and administrators.

Public Safety Advisor Everett M. Gleason is the resident Point IV technician working directly with the police services of the State of Pernambuco. For certain types of technical or training assistance requested by the State police he can call upon Point IV public safety specialists assigned to the central office of the U.S. Operations Mission in Rio de Janeiro. This technician's principal contributions to date have been a study of basic police operations and needs, with special emphasis on training and technical services, and planning of training programs, in cooperation with the authorities.

VI - MINERALS INVESTIGATIONS

Under cooperative agreements with the National Department of Mineral Production (DNPM), Point IV geologists (U.S. Geological Survey) have for about 20 years been working with Brazilian Government technicians in the investigation and mapping of various mineral deposits and in the preparation of survey reports useful to public and private interests concerned with mineral resource development. Point IV educators also provide assistance requested by the Brazilian Government in the improvement and expansion of certain university teaching programs which prepare young Brazilian geologists to continue the enormous and vital task of locating, mapping, and recording basic data about the country's mineral resources.

A number of important studies have been undertaken in the Northeast: in the State of Bahia and on several offshore islands, Point IV geologists have cooperated with DNPM technicians in studies of lead, zinc, magnesite, talc and barite deposits. It has been ascertained that these magnesite, talc and barite deposits are of sufficient magnitude to meet Brazil's presentindustrial needs for these minerals. The work of the Brazilian and Point IV geologists in determining the extent and grade of these deposits has resulted in substantial investments by private concerns to carry out detailed investigations and undertake mining operations. Of particular significance are the following:

The Geologic studies by Robert F. Johnson of the lead deposit near Macaúbas in central Bahia have been instrumental in the successful operations of the [illegible] Boquire mine, which is one of the few known sources of lead of sufficient quantity to meet domestic needs in Brazil.

In 1945 joint studies were made of the Serra das Eguas talc and magnesite deposits near Brumado, Bahia. Point IV geologist Alfred J. Bodenlos, who participated in these investigations, revisited the deposits in 1958 on behalf of the National Department of Mineral Production (DNPM) to map extensions of the deposits and make further contributions to their exploration. The geologic information compiled indicates that the talc reserves at the surface, which

presently furnish much of the nation's high-grade talc requirements, constitute one of the largest concentrations in Brazil. Magnesite reserves are among the largest in the world. These geologic studies were a major factor in enabling such extensive development of these minerals that Bahia now supplies essentially all the magnesite refractories needed domestically for steel production.

General investigations of copper deposits in the region of Caraiba in northeastern Bahia have been begun jointly by geologists of Brazil and the U.S. Brazil's presently known copper reserves are far from adequate for industrial development needs.

In 1946 Brazilian and Point IV geologists investigated the extensive barite deposits of Cemorm Bay on the coast of Bahia. Subsequent to their published survey report, the deposits have yielded sufficient quantities of this mineral which is used for oil well drilling muds, to satisfy Petrobras' requirements for drilling operations and at the same time to export large amounts to the Venezuelan oil fields.

Point IV geologist Richard W. Lewis is assisting the regional office of the National Department of Mineral Production (DNPM) at Bahia in mineral reconnaissance activities; he is also advising on systematic classification of minerals data. Mr. Lewis is helping to establish a geochemical laboratory at the new Institute of Chemistry of the University of Bahia, where he also arranges for informal field training of some of the university's geology students. In addition this Point IV geologist serves as a technical advisor to the Bahia State Planning Commission.

In cooperation with the DNPM, Point IV geologists have studied magnesite deposits in central Ceara: the eight magnesite deposits in the vicinity of Iguatú, which were studied by Brazilian and Point IV geologists in 1946, are thought to constitute one of the major reserves of high-grade ore in the Western Hemisphere. Private interests have expended more than $500,000 dollars in the detailed exploration of these resources, based on the published findings of the cooperative field work by geologists of both governments.

From the early 1940's to September 1958, at the request of Brazilian Government authorities, U.S. government mining engineers rendered technical assistance to the DNPM and to Brazilian private interests with respect to the development, design and operation of mines and metallurgical plants. Much assistance was given in the Northeast and in other parts of Brazil on problems relating to minerals such as mica, tantalite-columbite, garnierite-nickel ore, cassiterate, gold and diamonds. A consultant from the U.S. Bureau of Mines worked with DNPM personnel in installing an analytical and metallurgical laboratory at Campina Grande, Paraiba, now a DNPM field station, which has been used chiefly to determine the chemical grade of ores being mined in the Northeast, mostly for exports.

A Point IV mining engineer consultant also visited mines throughout the country, upon request, to provide up-to-date information to operators on safety design and practices.

Numbers of young engineers from DNPM received valuable field and laboratory training over the years from these Point IV consultants. As for training abroad, from 1956 to 1960 alone, 9 Brazilian technicians completed programs of advanced study and training in mineral resource development and metallurgy under Point IV sponsorship in the United States.

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VII - POINT IV TRAINING IN THE UNITED STATES AND OTHER COUNTRIES

From 1949 through June 30, 1960, approximately 140 Brazilian technicians and professional men and women from the eight states of the Northeast have gone to the United States or other countries under Point IV auspices for advanced studies and training and for specially arranged observation tours, for periods ranging from several weeks to as long as 18 months. Like all Point IV activities, these training programs are designed to improve knowledge, skills and professional capabilities in fields which contribute to Brazil's economic and social development.

About half of the Brazilian technicians from the Northeast who have completed advanced Point IV training abroad are agricultural specialists active in agricultural education, research, extension, land and water resource development, crop and livestock production, agricultural credit, and home economics. Another major category of training has been public health service; medical, dental, and nursing education; and sanitary engineering. Local labor union leaders have visited the United States under Point IV auspices to become personally acquainted with current thinking and developments in labor management relations, trade unionism, and collective bargaining. Northeasterners have also undertaken advanced professional studies abroad in community development, as teacher-educators for the elementary and secondary school systems, in civil aeronautics, as educators in the field of public administration, in specialized aspects of government operations, in public safety, and as professors of geology. Railroad supervisory and management officials, as well as maintenance and operations technicians, have also been sent to the U.S. for study and observation tours.

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POINT IV TECHNICAL COOPERATION IN MINAS GERAIS

I. EDUCATION

The Project of Brazilian - U.S. Assistance to Elementary Education (PABAEE), a pilot demonstration center at the Institute of Education in Belo Horizonte, furnished advisory assistance and training to the faculties of normal and elementary schools in teacher education and in production of teaching materials. To date over 1,000 principals, supervisors, and teachers have participated in special courses and seminars at this national center. Over 225 elementary education professors from institutions throughout the country have taken the five-month intensive teacher-training course, which stresses modern teaching methods, educational administration, and curriculum development, as well as special instruction and workshop activities in Language Arts, Science, Social Studies, Arithmetic and Psychology. The adjoining 1,200-pupil demonstration school of the Institute of Education provides opportunities for practical application of this theory and knowledge.

Under Point IV auspices seventy Brazilian educators have now completed one year of advanced university studies in the United States in these fields, in addition to intensive English language training. Upon returning to Brazil many of these educators in turn become teacher-trainers at the national center in Belo Horizonte; others work with federal, state or local educational research centers or assume professional positions in the Federal Ministry of Education and Culture.

The Point IV Elementary Education project has already produced over a dozen professional educational publications, of which 42,000 copies have been distributed to date.

At the invitation of state and local educational institutions the U.S. and Brazilian educators furnish consultation and technical assistance and explain the objectives and the work of this program of Brazilian - U.S. Assistance to Elementary Education at institutions in many parts of the country.

The U.S. advisors assisting this joint program are: Philip R. Schwab (Chief Advisor); Rebecca Barnhart (Supervision); Luella M. Keithahn (Language); and Frances Miller (Psychology). Other advisors in the fields of Science, Curriculum, Arithmetic and Social Sciences should arrive within a period of several months.

II. AGRICULTURE

The 80,000 hectare (197,680 acres) watershed development project in Ribeirão da Mata in the vicinity of the capital city of Belo Horizonte has been set up as a model for agricultural development in other areas throughout the state. This is a Point IV

demonstration of efficient land use, which was designed to show the benefits of sound soil and water conservation practices, particularly methods of checking erosion and soil depletion, which are major problems in this region. A soils survey of the sub-watershed area of Ribeirão das Areias and a cadastral survey of the same area have been completed; the findings of these studies were published in June 1959. Progress has been made in demonstrating terracing and contour farming within the watershed, and two lowland areas are being developed into irrigation demonstration sites. The course of the Ribeirão da Mata river is being straightened below the town of Vespasiano, which in the past has suffered considerable flood damage. There are now more than a dozen model farm ponds on private lands. Educational activities of this project have included assistance to the state extension service (ACAR) in organizing a soil conservation project for 4-S club members; a number of land judging contests; and a course in soil conservation at the Escola Superior in Lavras. A portable display of soil profiles is being exhibited in Belo Horizonte, and in the watershed area to stimulate interest in soil conservation and to call attention to the work of this joint project.

Project technicians also continue to offer technical assistance to farmers in various parts of the state outside of the watershed. The U.S. technician assigned from the joint Brazil - U.S. Agricultural Service (ETA) is Soils Advisor Herbert Williamson.

Russell Uhland of the joint Brazil - U.S. agricultural service (ETA) assists in agricultural research activities at the Instituto Agronômico in Minas Gerais. His principal responsibilities consist of advising on research plans; and advising on publication of research results. Much of this work has involved experimentation with different fertilizers in the cultivation of rice, corn, beans, sugar cane, and pasture. Herbert Williamson, Soils Advisor to the Ribeirão da Mata conservation project referred to above, also acts as consultant to the Instituto Agronômico.

ETA provides the services of several technicians to the Agricultural Extension and Rural Credit Service of the State of Minas Gerais (ACAR).

Mr. Boyd Whittle, the new U.S. Livestock Advisor assigned to this project as dairy consultant, is helping to organize demonstrations to stimulate improved dairy production in the Belo Horizonte milkshed. Demonstrations presently being conducted at farm sites by the nine local ACAR offices include silos, pasture improvement, planting of forage crops, and disease and parasite control. A major purpose of these activities is to show farmers that hay and silage can be produced and stored in sufficient quantity to provide adequate feed livestock during the annual six-to-eight-month dry season. ACAR and the U.S. advisor also assist the "Escola Superior de Veterinária" at Belo Horizonte in activities designed to teach farmers how to control diseases and parasites in cattle.

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A poultry demonstration project which illustrates more efficient methods of raising poultry, on a scale appropriate to the average farm, has been established near Sete Lagoas on an experimental farm run by the State Department of Agriculture. The U.S. project advisor is David E. Mellor, who has his headquarters in the joint Brazil - U.S. agricultural service (ETA) in Rio de Janeiro.

Many farmers in the Sete Lagoas area have adopted the more efficient poultry housing and management practices in evidence at the demonstration site on the experimental farm, which also features a model poultry unit built of local materials for use with 4-S Club projects. This unit, suitable for 100 broilers or 25 layers, was developed to assist the national and state agricultural extension services to introduce poultry raising to the youth of Brazil and to serve as an alternative model project for producing poultry and eggs for family consumption.

Another poultry demonstration, patterned on this experience, has been set up at Leopoldina by the State Department of Agriculture.

Other U.S. agricultural specialists from ETA who furnish technical assistance to the state extension service upon request are Extension Advisor Lester Clapp, Home Economics Advisor Helen Bjorklund, Rural Youth and 4-S Club Advisor Jerônimo Chaves, and Extension Radio Advisor Theodore Hyman.

Rural University of Minas Gerais (UREMG), at Viçosa, Minas Gerais

At the Rural University of Minas Gerais, U.S. professors from Purdue University, under a contract with the International Cooperation Administration (Point IV), of the U.S. Government, are collaborating with Brazilian educators in a national program to improve and expand higher education in agriculture and home economics. The intent is to make of the Rural University a model institution, applying and adapting to the Brazilian scene the philosophy of the U.S. land grant college system with coordinated teaching, research and extension programs which are designed to train teachers and students and to bring the latest agricultural information and practices directly to rural families.

In addition to training future farmers, agricultural specialists and home economists, the Rural University offers seminars, special intensive courses, and graduate level studies for professors of agricultural colleges and secondary agricultural schools, as well as other institutions where home economics is taught. This phase of the program began with five short courses given concurrently at the University in Jan.-Feb. 1960 in marketing, horticulture, farm machinery, soils, pasture management and research methods. Special short courses are also offered in these and related fields such as animal nutrition, by the U.S. professors at other schools. It is expected that this program will provide advanced training to at least 300 agricultural professors and 180 secondary school teachers.

The University also conducts pre-service training courses for men and women who are to become agricultural or home economics technicians in Brazil's national or state rural extension and supervised credit services.

The U.S. professors furnish technical guidance and collaboration in planning the activities cited above, and teach courses, advise on curriculum development, and assist in preparation of teaching and agricultural information materials. The program also makes provisions for advanced studies in the U.S. for some of the Brazilian teaching staff.

At present there are 8 U.S. professors assisting this institution. The chief of the Purdue University group is Professor Ray Lion (Agricultural Engineering). Other staff members are Professor Joseph Conrad (Animal Nutrition), Douglas M. Knudson (Forestry and Range Management), Homer Erickson (Horticulture), Russell D. Frazier (Agronomy), Laurel B. Weddle (Home Economics-Nutrition), D. Woods Thomas (Agricultural Economics), James K. McDermott (Extension Methodology & Rural Sociology). Positions of Home Economist and Agricultural Information Specialist remain to be filled.

By 1946 only a few small areas in the immense iron ore region of the State of Minas Gerais had been studied in detail; no base map for either geologic or engineering surveys then existed. This was the year when the joint Brazilian - U.S. mineral resource investigation and mapping program was begun by the National Department of Mineral Production, with the assistance of Point IV geologists from the U.S. Geological Survey. Today, this joint program has almost completed field mapping of the 7,000 square miles of the Quadrilátero Ferrífero, one of the world's largest known reserves of high grade hematite ore. Some 30 scientific articles, papers and reports, as well as many topographic and base maps and illustrations, have been published to make known to the public and to prospective investors the results of these studies. Private and public interests have to date expended over four and one-half million dollars in more detailed investigations of the region's enormous iron ore deposits, relying heavily on reports, maps and other basic information made available through this joint Brazilian - U.S. program. Brazil's foreign exchange earnings from iron ore exports amounted to about fifty million dollars in 1959.

Two other important mineral reserves, manganese and bauxite, are also studied in the course of the iron ore investigations. Important deposits have been located and investigated. Brazil's foreign exchange earnings from manganese exports in 1959 totaled about thirty-six million dollars.

An increasing number of geology and engineering students and young professors from different parts of the country acquire valuable practical experience during the two-month university vacation period by undertaking geologic field work under the direction and guidance of U.S. and Brazilian geologists associated with this

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joint program.

Five U.S. geologists work with this Point IV program, to which the U.S. Government also contributes certain equipment, supplies, and vehicles necessary in the exploration, research, and mapping operations. These U.S. advisors are John Van N. Dorr II, (Chief of Party), Norman Herz, Charles H. Maxwell, George C. Simmons, and Robert M. Wallace.

V. HEALTH AND SANITATION

USOM Health and Sanitation programs have been assisting the SESP Foundation, Brazil's national public health service, in planning community health services including the construction and operation of health centers, hospitals, municipal water supply systems and sanitary engineering projects. The Foundation also has an agreement with the School of Public Health of the University of Minas Gerais to help support the operation of a school health center and to furnish financial assistance as well as consultation in the development of the University's public health curriculum. USOM consultants have also assisted in organizing sanitary engineering courses at the University.

U.S. and Brazilian dental health advisors furnish technical assistance and guidance to the new Faculty of Medicine at Diamantina, a well-equipped, well-administered dental school, associated with a clinic, that serves as a demonstration dental public health program.

Numerous study grants have been awarded to key public health physicians, dentists and sanitary engineers for post graduate training in the United States under the Point IV participant training program.

The SESP Foundation has been assisting in the contruction, operation and maintenance of water supply systems in the State of Minas Gerais and in other parts of Brazil. The contractual arrangements between individual cities and SESP are defined by law and are in force in forty-four cities at the present time.

VI. PUBLIC SAFETY

A cooperative public safety project is being implemented with the police agencies of Minas Gerais, certain other states, and the Federal Department of Public Safety. This program is designed to help strengthen the overall effectiveness of the police to maintain law and order and to preserve internal security and is directed toward the development of well trained, adequately equipped police forces, dedicated to the concept that police operations are an important and necessary service to the public and that in the exercise of police powers the rights of the individual must be safeguarded.

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U.S. assistance to the State of Minas Gerais in this field began in 1959, when state officials requested Point IV to make a survey of police agencies and to submit recommendations for improvement. Major elements of the cooperative public safety program, which is an outcome of this survey, include the furnishing of technical advisory services on specialized aspects of police operational and training programs, covering such subjects as criminal investigation, scientific crime detection, patrol, traffic, records, communications, public administration and personnel management. Another component of this program is Point IV contributions of a limited quantity of equipment necessary for training, demonstrational and operational purposes. Advanced professional training in the U.S., as well as special study and observation tours, is arranged for key police officers and administrators.

Public Safety Advisor Dan Mitrione is the resident Point IV technician working directly with the police services of the State of Minas Gerais. For certain types of technical or training assistance requested by the state police he can call upon Point IV public safety specialists assigned to the central USOM office in Rio de Janeiro. This technician's activites have consisted principally of a study of basic police operations and needs, with special emphasis on training and technical services.

VII. PARTICIPANT TRAINING

Since 1951 a total of 304 Brazilian technicians and professional men and women from Minas Gerais have gone to the United States or other countries under Point IV auspices for advanced education, training, and specially programmed observation and study tours for periods of several weeks to two years, generally averaging about seven months. Almost one-third of these Brazilian specialists are agricultural technicians or farmers. Other major fields of training in the U.S. have been education, public administration, health and sanitation, transportation, labor, industry and mining, peaceful uses of atomic energy, and community development.

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POINT IV TECHNICAL COOPERATION IN ESPÍRITO SANTO

AGRICULTURE

The joint Brazil-U.S. agricultural service (ETA) helped to organize and provides some continuing technical assistance to an agricultural extension and rural credit organization (CEPLAC) in the cacao zone of Espírito Santo, which has been instrumental through its supervised credit program in improving cacao processing facilities and housing conditions for the workers.

This project subsequently served as a model for the creation of the state extension and rural credit service, which has since absorbed one of the two extension teams in the cacao zone.

With technical guidance from former Point IV Area Extension Advisor James S. Reese of ETA, the cacao development project has selected a number of high-yielding cacao trees as possible sources of planting materials, which after testing will be made available as improved stock for propagation and distribution to growers. A demonstration planting program has also begun, which together with the research activities is expected to realize important contributions to the cacao production industry. Mr. David Robertson is the Point IV Horticultural Advisor assigned to work with this project.

Established in 1957, the state agricultural extension and rural credit service of Espírito Santo now has 14 local offices, each with an extension team consisting of a county agent and a home economist, who assist rural families to increase farm production, adopt more efficient farm management practices, and improve family living conditions. The county agent advises farmers on such matters as planting and care of crops, soil and water conservation and erosion control, selection of better types of seed, use of fertilizers and insecticides, and livestock management. The home economist partner of each extension team counsels housewives on health and hygiene practices, nutrition, producing and preparing food for the family, child care and development, home improvements, and related matters. An increasingly important part of the state extension program is rural youth club work (4-S), whose projects and activities contributing to the above objectives also provide important training in good citizenship and help to develop a lasting sense of community responsibility among farm children and young adults.

A supervised credit program, financed largely through a special state coffee tax, supports and supplements the extension activities by providing low-cost loans to farmers to enable them to achieve increased agricultural production and home improvements.

Since the inception of the state extension service of Espírito Santo, Point IV agricultural and home economics advisors and their Brazilian colleagues from the joint Brazil-U.S. agricultural service (ETA) have been providing technical consultation at the state level and

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in many local situations. In addition, ETA has been furnishing specially prepared informational and training materials useful to extension personnel and to farm families. Professional training abroad is another important Point IV contribution. The chief home economist of the state extension service is undertaking a university program in her fields in the U.S. under a Point IV training grant, while arrangements have been made for the director of the state extension service to participate in a special Point IV course in extension administration in the U.S. beginning in April, 1961. Other training activities in which ETA Point IV and Brazilian technicians assist the extension program of the State of Espírito Santo are special instruction on certain phases of farming and home economics for local leaders, who then share what they have learned with others in the community; a program of continuous in-service training for extension personnel; and arrangements for extension training at other institutions.

Technical assistance from Brazilian and Point IV specialists of ETA has helped to promote the growth of organized rural youth activities in the State: by August of 1960 there were 11 4-S Clubs functioning, numbering 267 active members. Point IV assistance was also instrumental in the establishment of a state seed potato certification service, to stimulate production of improved seed which will be made available to farmers throughout the state.

A detailed report on farm structures in the state of Espírito Santo, based on an extensive survey undertaken by former Point IV Agricultural Engineer Otis Cross, was submitted to the national extension service (ABCAR) in February of 1960. This survey covers principally farm homes, livestock housing, feed processing and storage facilities, and home and farm sanitation problems. This Point IV advisor, in cooperation with the Espírito Santo state extension service, also prepared printed materials on farm structures for use in training activities, conducted some training for extension agents along these lines, and consulted on farm buildings and equipment problems with state and local authorities, farmers and farm managers, experiment stations, school directors and others. He and his Brazilian counterpart from ETA prepared over 70 sets of blueprint designs for farm construction, which have all been organized into a complete blueprint library now accessible to interested parties in the joint Brazil-U.S. agricultural service (ETA) in Rio de Janeiro, at Avenida General Justo 171. Plans drafted especially for use in the State of Espírito Santo include dairy housing and equipment, swine housing and equipment, various 4-H club projects, potato storage, trench silos, a model hay-drying barn, corral installations, a farm water distribution system, and various other farm structures and installations for which specifications had been requested.

Brazilian dairy specialists from ETA have extended substantial technical assistance to several dairy plants in the state and have been partly responsible for the reactivation of a farmers' cooperative supplying milk to a processing plant at Nova Venecia. Their activities

include demonstrations of cheese-making, instruction in the processing of other dairy products, advice on maintenance and proper care of equipment, and suggestions for improvement and expansion of facilities at several dairy plants.

A new program designed to stimulate agricultural development of the coastal humid valleys of the state is now receiving ETA technical assistance in the form of preliminary surveys. This program will involve a pilot project to demonstrate agricultural production possibilities on both irrigated and non-irrigated lands, technical advisory services to help farmers increase productivity, and assistance in obtaining the use of heavy equipment to clean out streams for irrigation purposes.

COMMUNICATIONS MEDIA

A Point IV project with the National Campaign for Rural Education (CNER) of the Ministry of Education provides for the cooperative development of four regional audio-visual service centers, one of which is in Vitória. The centers will:

(1) Train agriculture technicians, teachers, health educators, and other specialists and technicians in audio-visual education methods, and

(2) Design and produce audio-visual materials (pamphlets, posters, exhibits, related photographic services, etc.) in response to needs of rural training programs.

Both the director of the Vitória CNER center, Sr. Marcos Guimarães, and the assistant director, Sr. Renato Xavier, have completed a year of audio-visual education studies at Indiana University in the U.S. under Point IV sponsorship. Two other audio-visual technicians now receiving similar Point IV training at the same institution will be assigned to this center upon their return to Brazil.

Point IV has contributed basic audio-visual equipment and materials to this CNER center for production and training purposes and has been furnishing technical assistance in the establishment and operation of these facilities. Funds, personnel, and physical facilities are furnished by the State Secretariats of Education, Health, and Agriculture, the state agricultural extension service (ACARES), and the Rural Social Service (SSR).

PUBLIC HEALTH

The SESP Foundation, Brazil's federal public health service, which was jointly established and developed with technical and financial assistance from the United States, provided considerable assistance to

the State of Espírito Santo from 1945 to 1959 through installing and operating a number of health centers, which provide a wide range of services to the local community and the surrounding region. Services include medical treatment, public health nursing, maternal and child care, sanitation, and health information activities. These health facilities were established in conjunction with the work of the Rio Doce Valley Commission development program. Seven additional health centers were later set up in the northern part of the state under a cooperative agreement between SESP and the state health department. A regional office in Vitória is responsible for supervision and technical support of SESP operations in the state. Since 1959 lack of funds has imposed a considerable limitation, however, on these SESP health activities in Espírito Santo.

Some financial assistance is given by the SESP Foundation to the health center and hospital at Colatina, which SESP operated until 1957, when these facilities were turned over to the state and to a religious organization.

The first project in Brazil for fluoridation of the community water supply was undertaken with the participation of the SESP Foundation at Baixo Guandú in 1951.

Several sanitary engineers from Espírito Santo were sent to the United States for advanced studies and training under Point IV auspices.

EDUCATION

The Project of Brazilian-U.S. Assistance to Elementary Education (PABAEE), located at the Institute of Education in Belo Horizonte, Minas Gerais, is making notable contributions to the growth and improvement of educational programs in the State of Espírito Santo.

To date, 22 educators from this state have completed intensive teacher-training courses at the PABAEE center, mostly of five months' duration, which stress modern teaching methods, educational administration, and curriculum development, as well as advanced study and workshop activities in Language Arts, Science, Social Studies, Arithmetic, Psychology, and other fields. Upon completion of the courses, the Espírito Santo educators, in turn, have filled supervisory positions or become traveling teacher-trainers in their own state.

Brazilian and U.S. professors from the PABAEE staff are helping to improve and expand the state normal school curriculum for the training of elementary teachers.

In August, 1961, six PABAEE educational specialists will begin working with authorities of the State of Espírito Santo in a joint

project which to completely revise the curriculum for the elementary schools of that state.

Thousands of copies of the various educational publications prepared at this Point IV teacher-training institution in Belo Horizonte have been distributed widely among teachers and educational administrators in Espírito Santo.

PUBLIC ADMINISTRATION

In 1954, at the request of the mayor of Vitória, two Point IV public administration advisors collaborated with specialists from the Getúlio Vargas Foundation and the Administrative Department of Public Services (DASP) in a general management survey of this city. With full cooperation and support from the mayor and other municipal officials, the Brazilian and Point IV management experts spent over four months studying municipal services and functions, primarily personnel services, staffing and training of municipal employees, city planning, property management and supply, records and files, water and sewerage facilities, sanitation , slaughterhouses and markets, motor pool operations, and other public works and related municipal functions.

Utilizing the data of the survey, a muncipal ordinance was passed providing for a new property assessment system including up-to-date procedures for systematic mapping, inventory, and appraisal of all land and buildings.

The administrative survey report of the city of Vitória prepared by the team of Brazilian and Point IV management specialists was subsequently distributed by the Brazilian Institute of Municipalities (IBAM) to all the larger municipalities in Brazil. Copies were also furnished to the students of public administration at the Getúlio Vargas Foundation.

POINT IV TRAINING IN THE UNITED STATES AND OTHER COUNTRIES

From 1949 to the present, some 30 technicians, specialists, and professional men and women from the state of Espírito Santo went to the United States or other countries under Point IV auspices for advanced studies and training and specially programmed observation tours in their specialized fields of work. Nearly half of these Brazilian specialists were agricultural technicians or farmers. The principal fields of Point IV training in the United States and other countries for men and women from Espírito Santo have been agricultural research, education, and

extension work (including home economics); crop and livestock production; railroad maintenance; air navigation; specially arranged visits to U.S. institutions and trade unions for Brazilian labor leaders; sanitary engineering; and community development.

Program Office
U.S. Operations Mission
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POINT IV TECHNICAL COOPERATION FOR BRASILIA

AGRICULTURE

In the Brasilia area crop and livestock production programs assisted by the joint Brazil - U.S. Agricultural Service (Escritorio Tecnico de Agricultura - ETA) in cooperation with the Ministry of Agriculture, are designed to help lay the basis for a stable, adequate food supply for the capital and vicinity, and to promote agricultural development in the rural zones near Brasilia.

Several U.S. Point IV specialists and their Brazilian colleagues from ETA have furnished technical assistance on numerous occasions to the cooperative demonstration farm for livestock management and forage production at Brasilia, in such activities as planning for land clearing and pasture development; advising on testing, production and distribution of seed for pasturage: obtaining superior strains of dairy cattle for breeding locally; setting up a laboratory for artificial insemination; planning proposed swine and poultry demonstration projects; advising farmers on clearing land, preparing soil, and planting new crops; and conducting fertilizer trials with corn on the demonstration farm.

In the crop production project for Brasilia, Point IV contributions through the joint agricultural service (ETA) have included: studies and technical consultation on soil conservation and erosion control problems; provision of some farm machinery; soils studies; plans for proposed farm water supply and irrigation programs; assistance in the establishment of a seed and plant materials farm (which is already distributing superior tested stock on a small scale to local growers); some technical guidance to a demonstration fruit production project; and considerable experimentation to determine which vegetables, cereals and food crops will grow well under different conditions: Technical guidance has been given to a 25-family agricultural colony producing vegetables and field crops. There has also been considerable participation of Point IV agricultural advisors in preparing agricultural settlement plans for the Brasilia region. More intensive research on soils, crops, and livestock is planned.

In late 1959, the joint Brazil - U.S. Agricultural Service helped to establish the agricultural extension and home economics service of the State of Goias, with headquarters at Goiania, and county offices presently at Brasilia, Anapolis, Ceres, Jaragua, Inhumas and Jatai. Point IV and Brazilian specialists from the joint agricultural service (ETA) have given technical guidance in overall extension planning at the state and county levels; in the installation of new county offices; and in arrangements for training of county agents and supervisors at regional extension centers assisted by Point IV. Through ETA, which is one of several agencies furnishing operating funds, the U.S. Government has also contributed certain training and demonstration materials, a small quantity of necessary equipment for extension work, and some vehicles for the use of county agents. The extension program of the State of Goias is now prepared to implement plans to promote increased and more efficient production of livestock (cattle, poultry,



and swine) and food crops, chiefly rice and corn. Training in soil conservation for farmers is to be offered through extension offices. The home economics phase of the state extension program has focused principally on helping with health, hygiene and nutrition problems of rural families.

Point IV and Brazilian technicians from ETA provide technical guidance to a poultry demonstration project at Goiania, which has been functioning for over six months.

HEALTH AND SANITATION

The SESP Foundation, Brazil's national public health service, which continues to receive technical assistance from specialists of the U.S. Operations Mission, has participated in the planning of public health organization for Brasilia, including hospital construction, water and sewage facilities, preventive medicine services, establishment of health centers, and special training for some of the public health personnel to serve the population of the new capital. Community ground water supply studies relating to small farms are being planned for the Brasilia area. A survey of algae in the lakes in and around Brasilia made by U.S. consultant C. M. Palmer in March 1960, at the request of NOVACAP will be useful to authorities concerned with the development of water policy for the area, particularly with respect to sewage disposal problems.

SESP has long maintained a public health service for the State of Goiás.

PUBLIC ADMINISTRATION

An activity presently centered in Rio which is expected to have an impact in Brasilia is the technical assistance being provided by USOM advisors to the Administrative Department of Public Service (DASP), the central management agency of the Brazilian Government, through a cooperative program in the field of budget and fiscal management, organization and methods of work, and personnel management including in-service training. This program is also designed to help DASP develop its capacities to assist other federal, state, and local agencies in adopting modern management procedures and techniques. Plans are being considered to have U.S. advisors spend several days each week working with DASP offices in Brasilia; some U.S. advisors will be transferred permanently to Brasilia when housing and educational facilities for their families become available.

EDUCATION

A special intensive 6-week training course was offered at the request of NOVACAP in September-October 1959 by the National Industrial Education Teacher Training Program at Curitiba, Parana, which is assisted by a group of U.S. Point IV educational advisors, to prepare eight teachers to staff the Industrial School at Brasilia. Emphasis was on woodworking and printing trades.

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POINT IV TRAINING IN THE UNITED STATES

Five agriculture technicians and labor leaders from the State of Goiás completed programs of advanced professional studies or undertook specially planned observation tours in the United States under Point IV auspices during the period 1951-59. The director of the state extension service is scheduled to undertake a special three month program in the U.S. for extension supervisors, beginning in May 1961.

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POINT IV OPERATIONS IN BRAZIL

The United States Government, at the request of the Government of Brazil participates in many jointly selected technical cooperation activities with federal, state and private agencies and institutions which are contributing to the acceleration of Brazil's economic and social development through programs in agriculture, public health, education, communications media, public and business administration productivity, public safety, mineral resource investigations, transportation, community development and peaceful uses of atomic energy. Increasing emphasis is being given to the development of Brazilian institutions devoted to education, training, and research which help to meet the country's needs for professional, administrative and technical personnel.

U.S. technicians, university professors, and supporting staff specialists, presently totaling 190, work jointly with several thousand Brazilian technicians and other professional people and collaborate in the professional training of many thousands of others. The U.S. Government also furnishes demonstration and training equipment and instructional materials necessary for the implementation of these joint projects.

Another important phase of the technical cooperation program is advanced studies and training and specially programmed observation tours in the U.S. and other countries for Brazilian technicians and other professional people associated with these cooperative projects, as well as visits to the U.S. for Brazilian labor leaders. Approximately 2,800 Brazilians have completed such Point IV training, for periods ranging from several weeks to as long as two years.

The Point IV program in Brazil is administered through the U.S. Operations Mission of the International Cooperation Administration, an agency of the U.S. Department of State.

The Government of Brazil has budgeted 2.3 billion cruzeiros for Point IV technical cooperation projects in 1961. For the fiscal year July 1, 1960 - June 30, 1961, the U.S. Government expended approximately $6,200,000 for Point IV activities in Brazil, plus Special Assistance funds of about $730,000 (for the joint Public Safety Program) and a small additional amount for continuation of the joint malaria eradication campaign of the two governments. A new malaria eradication agreement is being discussed by representatives of both governments.

The U.S. Government has contributed an estimated $72 million to such programs of technical assistance since the Point IV program began in Brazil in 1942.

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U.S. ECONOMIC ASSISTANCE TO BRAZIL

Cumulative economic assistance to Brazil from the U.S. Government may be summarized as follows: Economic development and balance-of-payments loans extended through the Export-Import Bank totaling $1,360.9 million; economic development loans of $194.7 million and grants in the amount of $48.8 million from the proceeds of sales of agricultural commodities under the provisions of Public Law 480; and $240,000 from the Development Loan Fund for a resettlement project in northern Paraná. Additional U.S. credits and development loans of considerable magnitude have been authorized or are being discussed, in addition to major new technical assistance projects. This new financial assistance includes credits of $168 million from the Export-Import Bank and $70 million from the U.S. Trasury, and a $100 million loan for balance-of-payments, pending Congressional appropriation.

Other proposals under study concern ways in which President Kennedy's world-wide, Food for Peace program may contribute to social and economic development in Brazil, as well as to relieve hunger and help to alleviate chronic malnutrition. One such project, when approved by both Governments, would provide large quantities of food to be stockpiled in the Northeast for relief during periods of drought.

U.S. OPERATIONS MISSION TO BRAZIL
Program Office
UW/jmp
June 12, 1961

ADDRESS BY THE HONORABLE LEONARD J. SACCIO
MINISTER FOR ECONOMIC AFFAIRS AND DIRECTOR OF USOM TO BRAZIL
TO THE CONFERENCE OF THE
GENERAL FEDERATION OF WOMEN'S CLUBS
RIO DE JANEIRO, BRAZIL
JUNE 12, 1961

You have kindly invited me to talk about the role of Brazil-United States cooperation in Brazil's economic and social development and you have chosen a most appropriate time to consider that topic. Only yesterday, President Janio Quadros was discussing the same question with President Kennedy's personal emissary, Ambassador Adlai Stevenson.

The coincidence serves to underscore the fact that this is a time when Brazil and the United States are staking out the common ground for greater cooperation within the framework of two new policies of historic importance.

One of these policies is President Quadros' determination to restore the balance in Brazil's economic growth: To stress education and the development of human resources; to help agriculture catch up with industry; to distribute more widely the products of farm and factory within a system of relative price stability and democratic order.

The other policy is President Kennedy's "Alliance for Progress" which will marshall United States aid resources in support of those Latin American nations willing to design their development programs to raise production - (and here we think of dams and factories and agricultural technology) - but also to satisfy the fundamental needs and aspirations of their peoples: education, food, health, land ownership, steady employment, and social justice.

In the inter-action of these two policies there is, I believe, great promise for ever more fruitful relations between Brazil and the United States.

Women, perhaps more readily than men, understand the concept to which I refer: that economic development is not an end in itself, but rather a means to lift the average family - (not a favored few) - above the brutal struggle for existence so that it may participate in the cultural, spiritual, and material opportunities of the modern world. Women's groups, such as this, have been the traditional leaders of campaigns to improve schools, feed the hungry, clear the slums, and promote community betterment through cooperation. Almost by instinct, you grasp the meaning of the Act of Bogotá, through which the American Republics formally acknowledged that social development must accompany economic development if democracy is to be preserved.

It is becoming increasingly clear that Brazil and the United States, whose policies are compatible with the broad criteria of the Act of Bogotá, are in harmony on the goals of development. I am confident that together we are finding the specific ways and means to cooperate ever more closely to reach those goals.

Recent events justify that confidence. Brazil's present domestic policies have been greeted with optimism at home and

abroad. Plans have been made and action begun to control inflation, reform the government administration, encourage private enterprise with a social conscience, improve agricultural productivity, increase exports, combat illiteracy, open new land to those who will farm it, and tackle the problem of developing the destitute Brazilian Northeast. These are immense tasks and in squarely facing them, Brazil is showing the courage of a nation aware of its great future. In undertaking them, Brazil deserves the encouragement and the cooperation she is receiving from the United States and other nations of the Free World.

For its part, the United States has recognized that Brazil's program of long term self-help will demonstrate that economic and social progress are possible without "sacrificing a generation by reverting to totalitarian methods."

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The United States also recognized that if Brazil is to move ahead at a steady pace, a respite from the heavy burden of foreign debt is required and new sources of dollar financing are needed to permit continued investment and essential imports. To set the stage financially for a period of sustained Brazilian effort, the United States extended financial assistance totalling nearly a billion dollars, of which $600 million is deferred payments of current debt and $338 million is new loans.

We also strongly endorsed the International Monetary Fund in its decision to permit Brazil to draw down $160 million and we urged and supported the action of several European nations in extending financial assistance of $650 million, of which [redacted] million is new loans. $1/50

As important as cash credits are the commodities the United States provides to Brazil through the Food for Peace Program. Brazil pays for these goods - mainly wheat - in its own currency, thus conserving scarce foreign exchange for other vital imports. The United States, in turn, lends or grants these cruzeiro proceeds to Brazil to finance its economic development program. A large proportion of the total resources of Brazil's National Bank for Economic Development is generated by the Food for Peace program. Since 1956, the United States has signed agreements providing more than $270 million worth of wheat and other foods. Most of the cruzeiro proceeds of these sales are loaned at long term or granted for economic development. Of $48 million in grants, the United States has agreed to set aside the equivalent of $34 million as a contribution to development program in the Northeast, which is recognized by the Brazilian Government as its most critical problem area. Moreover, since 1955, the United States has made available to Brazil through church groups and other voluntary agencies some $18 million in foods for infants, children, and mothers. Here, I want to pay special tribute to the work of the voluntary agencies and to their directors in Brazil, Father Schneider of National Catholic Welfare, and Reverend John Nastrum of Church World Services. These organizations deserve our full support.

Considering the magnitudes of recent financial assistance I have described, it is no exaggeration to say that 1961 marks an historic peak in a long era of United States cooperation in Brazilian progress.

This strong vote of confidence in Brazil's future is based, of course, on a recognition of Brazil's importance and Brazil's need, but also on the hopeful indicators that Brazil's present economic policies will lead to sound, non-inflationary growth, which is the only environment in which foreign assistance can be fully effective.

The United States has long been the most important source of capital - both public and private - to fuel Brazil's engine of economic progress. Even prior to the most recent credits, the Export-Import Bank over the years had made available to Brazil lines of credits totalling more than $1.3 billion. Only one other country - France - has received greater assistance from the EXIM BANK. Also prior to the latest loans, United States private banks had provided some $250 million in credits to Brazil.

American businessmen have invested $1.5 billion in Brazil. This kind of assistance is especially valuable for it brings with it not only money and machines, but technical and managerial know-how, which is adapted and evolved in the Brazilian environment and becomes a part of the national patrimony. I cannot give too much emphasis to the role of private investment in economic development. The most effective means of invoking human effort and savings has always been, and will continue to be a system of incentives that reward the individual for his work, his skills and his capital. Brazil's greatest asset for economic development is the enterprising spirit of the individual Brazilian citizen.

The mutuality of Brazil-United States economic relations is further demonstrated by the fact that during the last 10 years, the United States has bought nearly $8 billion worth of Brazilian goods. Brazil has distinct advantages in the American market, for most of its exports enter the United States free of restrictions with regard to duty, quota, or exchange. Moreover, we buy more goods from Brazil than Brazil buys from us and this favorable trade balance has been a strong impulse in Brazilian development.

We also understand the seriousness of Brazil's coffee surplus and have assisted in negotiating the world coffee agreement which, considering the size of the glut, has helped stabilize coffee prices to a considerable degree.

It is also well to recall that international financial agencies such as the IMF, the IFC, the World Bank, and the UN Special Fund, to which the United States is the major contributor, had provided some $365 million to Brazil prior to the latest loans. Nor can we overlook the fact that United States aid to Europe and Japan strengthened those economies to such an extent that they now are able to supply sizable amounts of capital to Brazil.

The most recent addition to the family of international agencies for development assistance is the Inter-American Development Bank, and a concrete result of the response of the Americas to Brazil's own initiative in launching Operation Pan American. This Bank, to which Latin American nations have long aspired, will serve as the primary mechanism for planning, coordinating and financing the economic and social development of the South American continent. The United States has subscribed $450 million of its $850 million authorized capital. Moreover, the IDB will administer $394 million of the $500 million appropriated by the United States Congress for Latin American Social Development programs. The Bank's multilateral character assures the joint planning among the American nations which is necessary to define the most urgent

priorities, gear the Bank's operations to Latin American aspirations, and ensure the selection of projects that bring the greatest benefits to the greatest numbers of people.

The American Republics Cooperation Act also provided that $100 million will be administered by the United States to finance social development projects in Latin American nations that undertake programs of self-help. Here again, we will be referring to the criteria of the Act of Bogotá, which envisages better land use wider land ownership, education and technical training, low cost housing, public health, and monetary and fiscal policies that stimulate internal saving to finance development. I spoke earlier of the plans of the Brazilian Government to undertake programs of this nature. I want to reaffirm my belief that bilateral cooperation between the United States and Brazil will expand and improve, just as multilateral assistance is growing. The Point IV Mission to Brazil is currently engaged in intensive study, together with the Brazilian Government, of various proposals for enlarging and improving cooperation in education, agriculture, public health, and other areas. Several of these proposals involve substantially increased United States assistance in the Brazilian Northeast. Our joint planning can proceed with greater flexibility, taking into consideration the variety of tools available to us - financial assistance, devd opment loans, technical cooperation, Food for Peace, and the newly established Peace Corps.

But we are building on a solid base, because Brazil and the United States have a long tradition of cooperation for the development of human resources and institutions that promote progress. Indeed, Brazil and the United States pioneered in the complex art of international technical cooperation.

Brazil was the first nation to receive sizable United States technical missions, six years before the term "Point IV" was coined. Since 1942, when Brazil-United States cooperation in Public Health and Agriculture began, Point IV programs in Brazil have cost more than $65 million and generated social and technical progress to an extent greater than most of us realize.

Technical cooperation programs are based on the premise that investments in the development of human resources, and the institutions that mobilize knowledge and spread it, yield greater long-range economic returns, not to mention cultural benefits, than any other type of investment. As the American Ambassador to India, John Kenneth Galbraith has observed, capital assistance alone will not generate self-sustaining economic growth unless four basic conditions are present. These are:

A substantial degree of literacy and a smaller group of highly trained people to man the government and undetaken the managerial and technical tasks associated with economic advance;

A substantial measure of social justice which permits the ordinary individual to share in the progress and thus give him the incentive to contribute to it;

A reliable apparatus of government and public administration that secures law and order, protects persons and property and undertakes the complex tasks of development planning, importing and using capital, organizing education, and managing the fiscal system that makes adequate use of internal resources, and;

A clear and purposeful view of what development involves.

Point IV programs have played a useful role in Brazil's own efforts to create these conditions which are prerequisites to continued development. But I want to underscore a basic principle of Point IV: To work ourselves out of a job. By that I mean that all our cooperative projects are designed to build the institutional capacity of the other country to the point where that country can provide its own technical skills, and foreign assistance can be reduced. Let me give you a striking example:

Long before Point IV, as such, existed, the United States was providing doctors, nurses, and health technicians, money and commodities to the Serviço Especial de Saude Publica, a bi-national organization founded to promote health among Amazon rubber workers in 1942. SESP grew to national scope, and as it grew in size and technical competence, the US was able to gradually reduce our contributions in men and money. In 1942, we supplied 97% of the human and financial resources needed by SESP. When SESP matured, and was transformed on July 1, 1960, into a fully national permanent health service, Brazil was providing more than 97% of SESP's resources. This event will be recognized, I think, as a classic demonstration that technical cooperation can drastically reduce a nation's dependence on imported technicians within a reasonable period. This does not imply that with the end of the bi-national management, US cooperation in public health will cease. The most advanced nations are constantly engaged in technical exchange in these matters. It does mean that Point IV can now establish a new, more mature working relationship with the Brazilian health authorities and concentrate in new fields. We are now exploring such fields with the new, dynamic Minister of Health, Dr. Catteto Pinheiro, who was assisted who was associated for many years with joint United States-Brazil cooperation in health and who studied in the United States on a Point-IV fellowship.

In other fields, Point IV finances arrangements to establish a close working relationship between Brazilian and American universities to stimulate an inter-change that promotes institutional growth.

A promising example of a University contract project is that between the Superior Agricultural School of the UREMG, at Viçosa, and Purdue University. Purdue and Viçosa are seeking to bring the average farmer into the sphere of influence of agricultural universities and project the university out to the farmer. Extension agents, who know the farmers' needs, must ensure that agricultural research is seeking solutions to these needs. Researchers must provide extension agents with the latest findings of their research, in a form useful and understandable to farmers. And teachers must design their curricula to equip graduating agronomists with both the practical and specialized knowledge needed to cope with the problems of increasing and diversifying Brazilian agricultural production. The Purdue-Viçosa project is national in scope. The Purdue professors of agricultural sciences, including home economics, and their Viçosa colleagues offer intensive courses to professors from Agricultural universities all over Brazil, and the Purdue professors are frequently consulted by State Secretariats of agriculture, extension services, and other universities.

Through another university contract, Point IV and the Government of Brazil teamed two outstanding institutions: The Getulio Vargas Foundation of Brazil and Michigan State University. The objective was the establishment of a modern school of business administration.

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MSU professors began by actually teaching courses, as well as advising on curriculum design, research, and research methods. Gradually withdrawing as a Brazilian staff was trained, the MSU professors, now greatly reduced in number, play a purely advisory role, but the São Paulo Business School has come of age, and is recognized as the outstanding institution of its type in Latin America. Its Brazilian graduates are snapped up by industry at high salaries, and now the School is also training students from various other Latin American countries.

Two classes have completed the School's four-year graduate course and nearly 600 managers of Brazilian business took intensive 13-week Executive Development Courses. 29 Brazilian professors who have taken graduate work in the United States, now conduct such courses. The School is now perfecting its own Graduate School and providing consultation and guest lectures for newly developing Business Administration faculties in other Universities.

MSU has also joined with the Universities of Rio Grande do Sul, and Bahia to develop modern faculties of business administration.

In Public Administration, a team of professors from the University of Southern California is working through the Universities of Rio Grande do Sul and Bahia, the Getulio Vargas Foundation School of Public Administration and the School of Public Service of DASP.

Brazil urgently needs Geologists, but the profession was not even legally recognized until last year and only a few score qualified Brazilian geologists existed.

We have brought Point IV Professors to teach in new Geology Courses in Brazilian Universities . US participation is scheduled to end in 1964. By that time, it is expected that 600 Brazilian geologists will have been graduated.

During the past 12 years US geologists have mapped 7,000 km. of the Quadrilatero Ferrifero of Minas Gerais, while simultaneously training Brazilian colleagues who worked with them. Maps and reports indicating vast wealth in iron ore are being published, as a result of this project, by the Departamento Nacional da Produção Mineral.

In Brazil's excellent engineering school, the Aeronautical Technical Institute at São José dos Campos, Point IV professors teach nucleonics, motive power, machine design, aircraft design, production technology, and heat transfer. As in all Point IV programs, professors from ICA will go to the US for training in related fields. Some 2800 Brazilians have been trained in the US on Point IV scholarships. Point IV also provides engineering professors to the University of São Paulo - two in Marine Architecture and one in Production Management Engineering.

Industrial Education programs are carried out through a Joint US-Brazil Service. In Curitiba, this service operates the Escola Tecnica, where professors of Industrial Education are trained. Point IV specialists in such fields as auto mechanics, radio and electronics, printing, sheet metals, machine shop, and wood working are on duty there.

Another fundamental social need is teachers for elementary schools.

Brazil has requested Point IV cooperation in the training of faculty members of normal schools, who in turn train elementary teachers. Thus, since 1956, Point IV specialists in teaching methods, instructional materials, and subject matter fields have been assigned in the Institute of Education, at Belo Horizonte. The Institute trains normal school professors, state education supervisors and school directors in both long and intensive courses. More than 70 Brazilian educators have gone to the US, through this project, to take advanced work at Indiana University. And 35,000 copies of new teaching materials and manuals have been prepared and distributed by the Institute.

This project has gained wide acceptance. More than 70 requests to send "task forces" to various localities in other states have been received.

Point IV's agricultural program operate through a joint service called the Brazil-United States Technical Office for Agriculture - well known in Brazil as ETA.

ETA's objectives are increased and diversified agricultural production, and rising levels of rural living. ETA is a catalyst. It combines its technicians, know-how, funds, and equipment with scores of Federal, State, and regional agencies, to stimulate and develop needed agricultural services. ETA now participates in more than 50 active projects in the following general categories:

Agricultural Education, Research and Extension;
Land and Water Resources;
Crop and Livestock Development;
Home Economics and Rural Youth;
Agricultural Economics, Farm Management and Agricultural Credit.

ETA's Extension and home economics technicians advise Extension and Supervised Credit Agencies in 12 states. Funds and equipment are also provided.

In four states, soil and water conservation and utilization programs are underway. ETA experts bring modern techniques of erosion control, soil improvement, drainage and irrigation, and ground water exploration to these programs.

The new Minister of Agriculture and the recently appointed Brazilian Co-Director of ETA have stated their intentions to bring ETA into ever closer coordination with the Ministry, so that it may serve as a powerful operating agency to help achieve President Quadros' objective of a strong, diversified and prosperous Brazilian agriculture. I can assure you that Point IV welcomes this intention and is prepared to cooperate in fulfilling it.

The link between farmer and industry is transportation.

Point IV's programs in this sector center on railroads and airways. More than 70 Brazilian Railroad Executives and middle level technicians have gone to the US under Point IV sponsorship to study operations and maintenance. This program complements a $100 million EXIMBANK loan for railroad equipment. Brazil's crowded airlanes lack modern electronic means of navigation. A team of Point IV specialists is collaborating with the Ministry of Air in establishing a model airway between Rio and São Paulo. They are also installing $2 million dollars worth of radar, and other

electronic navigational aids in the Rio-São Paulo area and in Porto Alegre. Some of these instruments, which were donated by the US are already in operation.

These programs exist and grow because Brazil and the United States find it in their mutual interest to cooperate. Certainly the strength, stability, and prosperity of Brazil are vital to the United States. And just as certainly, the long standing economic, cultural, political and military ties that bind our two great nations are vital to Brazil.

The strength of our relationship will grow as we work together to speed the development of the Hemisphere. The job ahead is too big for timidity. President Kennedy has stated that "if we are to meet a problem so staggering in its dimensions, our approach must itself be bold - an approach consistent with the majestic concept of "Operation Pan America." Therefore, I have called on all the people of the Hemisphere to join in a new Alliance for Progress. I propose that the American republics begin on a vast new ten-year plan for the Americas - a plan to transform the 1960's into an historic decade of democratic progress. These ten years will be the years of maximum effort - the years when the greatest obstacles must be overcome - the years when the need for assistance will be the greatest."

The challenge is great, and our response must be equal to it.

Thank you.

▪ ▪ ▪



AIR POUCH
PRIORITY

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FOREIGN SERVICE DESPATCH

DESP. NO. 121

FROM : AmEmbassy Rio de Janeiro

TO : THE DEPARTMENT OF STATE, WASHINGTON.

DATE August 17, 1961

REF : Joint Emb/USOM Message

NEA-4 AUG 19 1961 B/EAC-5

For Dept. Use Only	ACTION	DEPT.
55	ARA-4	RM/R-2 INA-7 REP-1 E-7 ICA-11
	REC'D 8/22	INFO OTHER CEA-10 COM-10 AGR-8 TR-3 FRB-3

SUBJECT: Brazil Request for Training Program in Israel

XMB-4 D4F-7

file no action ARA:BSTIB 9 Nov 61

Attached find Memorandum of Conversation between Ambassador Yosef Tekoah, Israeli Ambassador to Brazil, and Leonard J. Saccio, Minister-Director, AmEmbassy, Rio de Janeiro, which deals with a request of the GOB for a training program in agriculture in Israel, and a subsequent inquiry by the Israeli Ambassador as to the possibility of U. S. financing of such a training program.

For the Chargé d'Affaires a.i.

LEONARD J. SACCIO
Minister-Director

732.5-MSP/8-1761

Enclosure:
Memorandum of Conversation



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DWS

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Page 1 of 2 pages
Encl. No. 1
Desp. No. 121
From AmEmbassy Rio

MEMORANDUM OF CONVERSATION

DATE: August 16, 1961

PARTICIPANTS: Yosef Tekoah, Israeli Ambassador to Brazil; and Leonard J. Saccio, Minister-Director

PLACE: Luncheon Appointment in Rio de Janeiro

SUBJECT: Brazil Request for Training Program in Israel

The Ambassador wanted to exchange views and information on the aid program, particularly with reference to the Northeast. He referred to the request for assistance received from the Brazilians and to a bilhetinho of President Quadros in which the President directed that Brazilian farmers be sent to Israel to inspect Israeli agriculture and take limited training for possible use in Brazil.

I reviewed briefly our position with the Brazilian Government insofar as the Northeast is concerned, stating that we were doing some few things in the Northeast, pending a review by a top level committee invited by Dr. Furtado.

The Ambassador then broached the problem of their limited resources. He was asked by the Israeli Embassy in Washington to discuss the matter with me simultaneous to their discussion with the Department. The Israeli Government advises that its offer to have Brazilians come to Israel for various training programs or seminars has been taken up with great alacrity by Brazilian officials. A governor of one state responded to the invitation by saying that he would go himself and bring four of his staff with him.

Ambassador Tekoah wondered whether it would be possible for the United States to finance some of these trips. In response I described our participant program, indicating that in some instances we provided for training in third countries, but in most cases it was in the United States, and secondly, that participants were chosen on a project-connected basis and the financing of trips through the United States to other countries would have to be on the basis of the particular objective of the project. Third, in the USOM program, international travel is paid by the Brazilian Government and not by the United States, and that we had a problem ourselves in being able to accommodate our needs in view of the restrictions placed on international travel by President Quadros. It was noted that there were limited instances where we provided for seminars or training in countries other than the United States, but these were rare, and again, specifically tied to a project.

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I also pointed out that in the last two or three years the United States has expected that countries that had received assistance in the past would make some contribution toward assisting the presently under-developed countries, referring to the OEDC and the Development Assistance Group.

The Ambassador pointed out that there might be some instances where in the interests of the free world it might be better to finance a trip to Israel than one to Cuba, and that at least in principle we could finance third country training.

The matter was left at this point.



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FOREIGN SERVICE DESPATCH

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XA-832.56

FROM : Amconsulate PÔRTO ALEGRE — 8 (NO.) — 611.32 — August 21, 1961 (DATE)

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : Department's Airgram No. CG-1061, of June 22, 1961

55 For Dept. Use Only	ACTION	ARA/4	INFO	DE	RM/R 2 AGR	REP	AF	ARA	EUR	FE	NEA	CU 5	INR 1	E	P 3	IO	ICA
				OTHER		COM	FRB	INT	LAB	TAR	TR	EMB					
	REC'D 8/30				AIR	ARMY	CIA 10	NAVY	OSD	OCB	USIA 10						

SUBJECT: PHILANTHROPIC POSSIBILITIES IN RIO GRANDE DO SUL

Acting upon the request of the reference Circular, this post surveyed the various organizations and charitable undertakins within the area. None were found that could be considered fully within the requirements of the proposals stated in the circular.

However, there does exist in this city an organization made up of Brazilians who have studied in the United States. It is called the Alumni Club of Porto Alegre and contains members who are important figures in the political, social welfare, cultural, and educational life of the area. The club was formed to permit them to continue their contacts with the United States through monthly meetings where English is spoken and where various new members have an opportunity to tell of their recent experiences in the United States.

The club also maintains a program wherein each year it assumes the financial responsibility of bringing an American student to Porto Alegre to study at the state university. These Brazilians do this to give an American an opportunity to know Brazil as they had the opportunity to know the United States.

In view of the important people belonging to the club and the interest they have in the United States, this Consulate feels they may be an ideal group to work with in promoting the desired foundations and philanthropic undertakings.

Since the statutes of the club have been recently registered, this Consulate has not yet seen a copy. More information will be forthcoming as required.

Percy Warner
American Consul

cc.: Amembassy, Rio

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FORM 6-61 FS-439 GPO 912596

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FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, Rio de Janeiro — NO. 140

TO : THE DEPARTMENT OF STATE, WASHINGTON. — DATE August 22, 1961

REF : Embtel 184, July 24, 1961 — DATE AUG 24 1961

B/FAC-5

	ACTION	INFO	DEPT	RM/R	REP	AF	ARA	EUR	FE	NEA	CU	INR	E	P	IO	ICA
55 For Dept. Use Only	ARA 4			2 GSR	1							7	7			11
			OTHER	10	10	2	7			3	4	WF 7				
	REC'D 8/25			AIR	ARMY	CIA 10	NAVY	OSD	OCB	USIA						

SUBJECT: Brazilian Government Request for Foreign Financial Aid

During the course of the recent IA-ECOSOC Conference at Punta del Este, certain Brazilian Government officials approached the U. S. Delegation concerning the possibility of obtaining foreign financial aid to help finance the "Emergency Plan" summarized in the reference telegram. They gave Professor Lincoln Gordon two tables, containing revised data pertaining to that Plan, and discussed with him a possible press release which might be issued by Finance Minister Mariani on that subject. The reporting officer did not participate in those discussions and is not yet able to summarize the Brazilian Government's views. At the suggestion of Professor Gordon, however, there are being transmitted herewith, as Enclosures 1 and 2, copies of the tables presented to the U. S. Delegation. There is also being transmitted as Enclosure 3, a copy of the press release which Minister Mariani intended to release upon his return to Brazil, but which has not yet appeared in the newspapers.

It will be noted from examination of Enclosure 1 (the cruzeiro figures appearing in millions, and the U. S. dollar figures appearing in thousands) that the revised "Emergency Plan" calls for expenditure over periods ranging from one year to five years of Cr$665.3 billion, equivalent at the rate of Cr$250 per dollar to $2,661,240,000. The Brazilian Government estimates that they will be able to cover the dollar equivalent of $1,815,724,000 out of their domestic resources, leaving a balance of $845,516,000 to be obtained as financial assistance from abroad. Of the $845,516,000 to be obtained abroad, the Brazilian Government estimates that $110,232,000 will be required to pay for imports, the remaining $735,284,000 to be utilized for the purchase of cruzeiros to cover domestic expenditures.

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The precise relationship of Enclosure 2 to Enclosure 1 is not yet clear to the reporting officer. However, Enclosure 2 will be summarized briefly as follows: Total foreign financial assistance from various agencies abroad is estimated at $315.5 million. It is estimated that $171.1 million will be required from the Inter-American Development Bank, of which $99.9 million will be sought from the Act of Bogota funds and $71.2 million will be sought from the Bank's ordinary funds; of the total, $32.6 million will be required for imports, the remaining consisting of dollars required for purchase of cruzeiros. $31.9 million will be sought from the International Bank, all to cover imports. Assistance sought from ICA and the Development Loan Fund will amount to $82.5 million, only $726,000 of which would be in payment for imports. Finally, financial assistance of $30 million would be sought from the Eximbank, entirely in payment for imports.

According to Minister João Pinheiro, who gave the reporting officer the tables transmitted in Enclosures 1 and 2, the man best able to explain the relationship of those tables and to fit them into the Brazilian Government's broad economic program is Dr. Bulhões Pedreira, a Member of the Technical Advisory Staff of President Quadros. Minister Pinheiro stated that Bulhões Pedreira is expected to be in Rio on August 23. The reporting officer will endeavor to speak with him at that time.

For the Chargé d'Affaires, a.i.:

Herbert K. May

Herbert K. May
Treasury Attaché

Enclosures: As stated

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EMERGENCY PLAN - BRAZIL

	PROJECT	TOTAL COST DISBURSEMENTS IN		TIME FOR IMPLEMENTATION		DOMESTIC RESOURCES	NECESSARY TOTAL	SUPPLEMENTARY RESOURCES DISBURSEMENTS IN	
	CR$	US$	CR$	TOTAL	EF	CR$	US$	US$	CR$
I-REGIONAL DEVELOPMENT									
a-Northeast development plan	238,163	-	238,163	5	1	135,000	412,652	-	103,163
b-Southern development plan	1,120	-	1,120	2	2	120	4,000	-	1,000
	239,283	-	239,283			135,120	416,652	-	104,163
II-COLONIZATION									
a-SFVEA	1,500	-	1,500	5	5	600	3,600	-	900
b-State of Pernambuco Plan	6,060	-	6,060	3	3	3,562	9,992	-	2,498
c-State of R.G. do Sul Plan	3,072	-	3,072	2	2	997	8,300	-	2,075
	10,632		10,632			5,159	21,892		5,473
III-AGRICULTURE									
a-Dairy cattle improvement plan	7,500	-	7,500	5	5	3,750	15,000	-	3,750
b-Livestock sanitary protection	5,690	-	5,960	5	5	2,980	11,920	-	2,980
c-Improved seeds production	2,536	-	2,536	5	5	1,268	5,072	-	1,268
d-Cooperative credit-B.N.C.C.	6,000	-	6,000	5	3	4,500	6,000	-	1,500
e-Supervised credit-C.E.M.B.	5,287	-	5,287	5	2	3,581	6,824	-	1,706
f-Supervised credit-B.C.A.E. Santo	1,000	-	1,000	2	2	500	2,000	-	500

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	PROJECT	TOTAL COST DISBURSEMENTS IN		TIME FOR IMPLEMENTATION		DOMESTIC RESOURCES	NECESSARY TOTAL	SUPPLEMENTARY RESOURCES DISBURSEMENTS IN	
	Cr$	US$	Cr$	TOTAL	EP	Cr$	US$	US$	Cr$
III-AGRICULTURE (Cont'd)									
g-Frimisa-Slaughter house and cold storage	1,595	-	1,595	2	2	645	3,800	-	950
h-Warehouses and silos Parana	800	-	800	2	2	300	2,000	-	500
i-Warehouses-Railroad system	1,152	-	1,152	2	2	352	3,200	-	800
j-P.Alegre cold storage	483	376	389	2	2	159	1,296	376	230
k-Veterinary research Institute	300	-	300	2	2	100	800	-	200
l-S-Paulo Agrarian Reform	22,214	11,000	19,439	2	2	12,659	38,220	-	9,555
	54,827	11,476	51,956			30,794	96,132	376	23,939
IV-URBAN FACILITIES									
a-Housing	20,000	-	20,000	2	2	10,000	40,000	-	10,000
b-Water supply and service 12 capitals	9,000	-	9,000	3	3	2,200	27,200	-	6,800
cities	5,625	-	5,625	3	3	1,125	18,000	-	4,500
c-Suburban railroad transportation - Rio	15,000	26,000	8,500	3	3		26,000	26,000	-
São Paulo	1,475	5,900	-	2	2	8,500	5,900	5,900	-
d-Erosion control	440	-	440	2	2	190	1,000	-	250
	51,540	31,900	43,565			22,015	118,100	31,900	21,550
	356,282	43,376	345,438			193,088	652,776	32,276	155,125
V- EDUCATION									
a-Universidade do Trabalho	3,000	-	3,000	2	2	1,000	8,000		2,000
b-College education	500	-	500	2	2	-	2,000		500
c-Books and teaching material	500	-	500	2	2	-	2,000		500

	PROJECT	TOTAL COST DISBURSEMENTS IN		TIME FOR IMPLEMENTATION		DOMESTIC RESOURCES	NECESSARY TOTAL	SUPPLEMENTARY RESOURCES DISBURSEMENTS IN	
	Cr$	US$	Cr$	TOTAL	EP	Cr$	US$	US$	Cr$
V -EDUCATION (Cont'd)									
d-R.G.S. Technological Institute	394	286	323	2	2	124	1,082	286	199
e-Parobe Technical School	600	360	510	2	2	300	1,200	360	210
	4,994	646	4,833			1,424	14,282	646	3,409
VI-HEALTH									
a-State of Minas Gerais Program	2,807	-	2,807	2	2	803	8,016		2,004
b-Construction of Hospitals	4,000	-	4,000	2	2	2,000	8,000		2,000
c-Biological research Institute RGS	289	80	269	2	2	119	680	80	150
	7,096	80	7,076			2,922	16,696	80	4,154
VII-ELECTRIC POWER									
a-Belém	300	-	300	1	1	150	600	-	150
b-Manaus	1,600	-	1,600	1	1	800	3,200	-	800
c-Mato Grosso	2,600	800	2,400	2	2	1,200	5,600	800	1,200
d-Guanabara-Guarulhos Transline	5,150	6,300	3,575	2	2	2,575	10,300	6,300	1,000
e-Espírito Santo-Excelsa	2,410	1,500	2,035	2	2	1,205	4,820	1,500	850
f-Minas Gerais-CEMIG	2,500	2,000	2,000	2	2	1,250	5,000	2,000	750
g-Paraná	1,400	-	1,400	2	2	700	2,800	-	700
h-Rio Grande do Sul	25,018	41,344	14,682	2	2	18,825	24,774	19,930	1,211
i-Goiás-Mato Gr.-diesel electric	1,309	1,700	884	2	2	442	3,468	1,700	422
	42,287	53,644	28,876			27,147	60,562	32,230	7,083

	PROJECT	TOTAL COST DISBURSEMENTS IN		TIME FOR IMPLEMENTATION		DOMESTIC RESOURCES	NECESSARY TOTAL	SUPPLEMENTARY RESOURCES DISBURSEMENTS IN	
	Cr$	US$	Cr$	TOTAL	EP	Cr$	US$	US$	Cr$
VIII-TRANSPORTATION									
a-Highway improvement plan	132.000	30,000	124,500	5	5	123,250	35,000	30,000	1,250
b-Federal railroad-passenger cars	23,900	-	23,900	5	2	21,100	11,200	-	2,800
c-Shipbuilding	38,750	15,000	35,000	5	2	35,000	15,000	15,000	-
	194,650	45,000	183,400			179,350	61,200	45,000	4,050
IX- BASIC INDUSTRIES									
a-National Development Bank	60,000	-	60,000	2	2	50,000	40,000	-	10,000
	309,027	99,370	284,185			260,843	192,740	7,956	28,696
X - GRAND TOTAL	665,309	142,746	629,623			453,931	845,516	110,232	183,821

INTER-AMERICAN BANK

ACT OF BOGOTÁ

	US$ TOTAL	IMPORT	CONVERTIBLE
Colonization			
State of Pernambuco	9,992	-	9,992
SPEVEA (2 years)	600	-	600
Rio Grande do Sul (50%)	4,150	-	4,150
Housing	40,000	-	40,000
Water supply and sewage	45,200	-	45,200
	99,942		99,942
ORDINARY FUNDS			
Frimisa	3,800	-	3,800
P. Alegre Cold Storage	1,296	376	920
Warehouses	5,500	-	5,500
Electric Power Projects	60,562	32,230	28,332
	71,158	32,606	38,552

INTERNATIONAL BANK

Suburban Traffic	31,900	31,900	-

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	US$ TOTAL	IMPORT	CONVERTIBLE
ICA			
Education			
College education (scholarships)	2,000	-	2,000
Books and teaching material	2,000	-	2,000
R.G. Sul Technological Institute	1,082	286	796
Technical School	1,200	360	840
	6,282	646	5,636
HEALTH			
State of Minas Gerais	8,016	-	8,016
Biological Research Institute RGS	680	80	600
	8,696	80	8,616
AGRICULTURE			
3 Projects M.A. (32,000)	6,500	-	6,500
Rural credits	7,500	-	7,500
Veterinary Research Institute	800	-	800
ABCAR - Extension Services	1,500	-	1,500
	16,300	-	16,300
TOTAL	31,276	726	30,552
EXIMBANK			
Highway construction equipment	30,000	30,000	-
DEVELOPMENT LOAN FUND			
BNDE - global loan	40,000	-	40,000
Railway cars	11,200	-	11,200
	51,200	-	51,200

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CONFIDENTIAL

PROJECT OF A COMMUNIQUE TO BE ISSUED
IN RIO DE JANEIRO BY MINISTER CLEMENTE MARIANI

1. At the occasion of the Conference of Punta del Este Minister Clemente Mariani held discussions with Mr. Douglas Dillon, Secretary of the Treasury of the United States, and Mr. Felipe Herrera, President of the Inter-American Development Bank, concerning the financing of the "Plan of Urgency" of the Government of Brazil.

2. This plan, approved by Presidential Decree No. 51,058 of July 26th, 1961, consists of projects for immediate action, while detailed programs for long-term development designed to accelerate the growth of the Brazilian economy are being formulated by the Government. It was noted in this connection that a National planning Commission was recently created for the specific task of formulating a five-year plan for economic and social development.

3. The "Plan of Urgency" conforms to the objectives of Section IV of the Charger of Punta del Este, which recommends to the Latin American countries to increase their development efforts for the immediate future, giving special emphasis to accelerating projects under way, or for which basic studies have been made, and to new projects that meet pressing social needs and improve conditions in depressed areas. New possibilities of external financial assistance for short-term measures designed to relieve critical social and economic needs were opened by the Charter of Punta del Este, in which the United States, in accordance with the declaration of President Kennedy, states that it will extend financial assistance, within the "Alliance for Progress", for short-term needs of the Latin American countries, in an amount of over one billion dollars during the year ending March 1962. The first stage of projects in the "Plan of Urgency" are eligible for consideration under this declaration.

4. While the major part of the resources for the "Plan of Urgency" will come from the local effort of the Federal State, Municipal Government and public entities, substantial external assistance will be required to permit its immediate start and rapid implementation.

CONFIDENTIAL

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5. In view of the varying nature of the projects and programs, the required external assistance will have to be secured from a number of organizations. They include the U. S. Development Loan Fund and the International Cooperation Administration (or their successor), the Export-Import Bank, and the Food for Peace Agencies; other governments (mention Germany, if possible), and international bodies such as the Inter-American Development Bank, the International Bank, and the International Development Association.

6. The United States, as it made clear in the Conference, will give substantial support within the "Alliance for Progress" for the implementation of projects of the type contained in Brazil's Plan of Urgency which meet the criteria for such financing and which are technically and administratively ready for immediate execution.

7. The President of the Inter-American Development Bank has indicated that the Bank will contribute to Brazilian projects or global programs with an adequate share of the funds available for water supply and sanitation, housing, colonization and agricultural credit within the Inter-American Social Development Fund, and will consider projects in the fields of power, warehousing, and agriculture for financing from the regular resources of the Bank.

8. It was recognized that in relation to both short and long term measures for economic and social development, the Charter of the Alliance for Progress opens new and wide horizons and that, provided the internal effort and resources are properly mobilized and the economic and social institutions further perfected for the massive effort required for accelerated development, the Brazilian economy will enter during this decade an era of rapid economic and social progress, the fruits of which should be distributed justly to the benefit of all sector of the population.

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FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, Rio de Janeiro 149
NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. August 28, 1961
DATE

REF : Embassy Despatch 140 dated August 22, 1961

AUG 31 1961

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	REC'D 9/1			AIR	ARMY	CIA 10	NAVY	OSD	OCB	USIA						

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
SEP 8 1961

SUBJECT: Brazilian Expectations of New Foreign Financial Aid

A number of reports have appeared in the Brazilian press indicating that, during the IA-ECOSOC Conference at Punta del Este, the Brazilian Delegation succeeded in obtaining commitments from the U. S. Delegation and from the Inter-American Development Bank for large-scale financial assistance to Brazil. These reports may be summarized as follows:

1. On August 22 and August 23 various newspapers quoted Celso Furtado, Superintendent of SUDENE, as stating that he had received promises of foreign assistance at Punta del Este. The usually-reliable Estado de São Paulo quoted Furtado on August 23 as stating that the Inter-American Development Bank had promised credits of $50 million for the Northeast; and that the U. S. Delegation had promised credits totalling $100 million. On the other hand, O Globo quoted Furtado on August 22 only as stating that Felipe Herrera, President of the Development Bank has promised SUDENE a loan of $40 million, of which $10 million would be applied to colonization and resettlement, $10 million would be applied to rural access roads, $10 million would be applied to water and sewage services, $5 million would be applied to housing and $5 million would be applied to higher education.

2. On August 24, the Brazilian press published the text of a Presidential "bilhetinho" to his Technical Advisory Staff stating, in part, "...our country obtained in Montevideo credits of $40 million for the

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construction of houses.... I request Professor Candido Mendes de Almeida to prepare the decree which will create the organization charged with the planning and execution of this program".

3. On August 26 (the day after President Quadros' resignation) various newspapers published the text of a press release issued by Finance Minister Mariani on August 25 (apparently before the resignation of President Quadros). A translation of that press release is transmitted herewith as Enclosure 1. It will be noted that Minister Mariani came very close to saying that the U. S. Government and the Inter-American Development Bank had committed themselves to loans of approximately $400 million. He went into some detail concerning those loans, listing each one of the projects submitted in Enclosure 2 of Embassy Despatch 140, as well as three projects not covered by that enclosure, namely, a $40 million loan for SUDENE, a $25 million loan to finance water supply services for the State of Guanabara and the city of Salvador, plus $21 million for the colonization and agrarian reform program for the State of São Paulo.

Candido Mendes de Almeida and Bulhões Pedreira and all other members of the Technical Advisory Staff of President Quadros were relieved of Office by President Mazzilli shortly after the latter took his oath of office as President on August 25. The confusion which has reigned since then has made it very difficult to obtain further information concerning the relationship between Enclosures 1 and 2 submitted with Embassy Despatch 140. The reporting officer will continue to look into this matter, however. The significance of this entire subject has, of course, been greatly modified by the events of the past several days, but it can reasonably be assumed that the matter will again become important at some later date.

On August 23, Minister Mariani issued to the press a statement which was almost identical to that contained

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in Enclosure 3 to Despatch 140. There were only two deviations from the text of the release as compared with that which was agreed upon in Punta del Este. The text as it appeared in the Brazilian press referred to the "Emergency Plan" rather than the "Plan of Urgency" as earlier contemplated. Also, Paragraph 5 of the published text referred to "other governments" without any reference to Germany or any other country.

For the Chargé d'Affaires, a.i.:

Herbert K. May

Herbert K. May
Treasury Attaché

Enclosure:
As stated
(UNCLASSIFIED)

Minister Mariani's Statement to the Press, August 25, 1961

"When the labors of the IA-ECOSOC Conference in Punta del Este were drawing to a close, I made various declarations to the members of the Brazilian press who were represented there concerning the results obtained at that Conference, especially with respect to the points of greatest interest to Brazil.

"The official note which I submitted yesterday traces the results of the conversations which we held in Punta del Este, separate from the work of the Conference itself, about subjects of the greatest interest to Brazil. As I repeatedly sought to clarify before the departure of the Brazilian Delegation to Uruguay, and as is now generally understood, the IA-ECOSOC Conference was not designed to solve concrete cases, but rather to establish the general and special norms which the great social and economic movement should obey and which were to be spelled out in Latin America by the "Alliance for Progress" proposed by President Kennedy. In accordance with those norms, the development plans created by the various governments will next be examined, in order that they may be financed, in part, by the necessary foreign resources through international agencies or the U. S. Government, whichever may be in the best conditions for providing those resources.

"In truth, however, the expectations of the people about immediate results from the Conference made it necessary that resources be created for the rapid satisfaction of projects which are in a condition to be quickly implemented and which are encompassed within the principles of the Alliance for Progress. The Brazilian Delegation accordingly sought to obtain from the U. S. Delegation its acquiescence for inclusion in the Charter of Punta del Este of a special chapter about "Immediate and Short-Term Action Measures" which was accomplished, the United States obligating itself to contribute toward the financing of projects of that type with more than $1 billion during the year which ends in March, 1962.

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"The official note published by the Ministry tells how, along with that assurance, understandings were initiated so that the short-term measures programmed by Brazil could have assured financing for that part of the resources which we are not in the position of mobilizing internally.

"The problem is presented with a certain complexity, involving a variety of solutions related to the peculiarities of the undertakings to be financed.

"In the first place, the obtainable financing should be divided into two large groups: The so-called "soft loans", which we could perhaps translate as "emprestimos suaves" and the "hard loans", which are loans of the normal banking type for financing of specific income-earning projects, their maturities, interest rates, and amortization payments being calculated in accordance with the details of each undertaking.

"The soft loans are destined preferentially to projects of a social nature and to those in which the social and economic aspects are intermingled. As will be understood, many of those projects will produce economic results only over a long period and, even then, through reflex action. The soft loans should, accordingly, carry very favorable characteristics, such as having very long payment terms, up to 50 years, very low interest rates or even no interest rates, and amortization with a long grace period, as foreseen in President Kennedy's plan.

"The use of credits for specific financings (hard loans) also finds certain difficulties in the special case of Brazil due to the present conditions of our industrial development.

"Some international financial agencies concede credits only for the financing of equipment acquired with utilization of the foreign exchange, allowing the purchase of national equipment only up to a certain limit of the value of the loan, for example, one-third in the case of the Inter-American Development Bank.

"Now, the rate of development reached by the national equipment industry has complicated the problem, as manifested

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during the past two or three years. Even in the case of large industrial complexes, such as those of the petroleum refineries, equipment produced within Brazil already represents approximately 70 percent of the total cost of the investment. Thus, if foreign financing could cover only the cost of the imported equipment, i.e., a small portion of the total investment, the necessary internal costs could generally be obtained only through inflationary methods, repeating the recent history which has weighed so heavily upon the present Brazilian situation.

"The conversations which we held with Secretary Dillon and with Sr. Felipe Herrera were accordingly designed not only to obtain the necessary resources for financing of the uncovered portion of the "Emergency Plan" but the distribution of those resources among financial sources in such fashion that they could attend to the pecularities to which I have referred.

"The good results of those conversations may be ascribed, on the Brazilian side, to the members of our Delegation: Ambassador Roberto Campos, Dr. Celso Furtado, Minister João Pinheiro, Dr. Candido Mendes de Almeida, Dr. José Luis Bulhões Pedreia and Dr. Luis Simões Lopes; on the part of the American Delegation: Ambassador Lincoln Gordon and Mr. Leddy; on the part of the Inter-American Development Bank: its Director, Dr. Cleantho de Paiva Leite and Sr. Evaldo Correio Lima.

"Accordingly, and within the presupposition that the projects will be rapidly completed and will be encompassed within the objectives of the Alliance for Progress -- which has already been conceded in principle -- we may count upon adequate financing not only for the components of the Emergency Plan but also for certain projects of the same type which were not included within it, such as the water and sewage disposal services of Guanabara, in the value of $20 million, and the water services of Salvador, in the amount of about $5 million. In general, the projects of a more social character, although possessing also an economic foundation, and therefore most in need of soft loans, will be attended to by the Inter-American Bank for the account of the Act of Bogota, by ICA (The International Cooperation Administration) and by the Development Loan Fund. Projects of the normal income-earning type will be financed through the regular resources of the Inter-American Development Bank, the International Bank and the Export-Import Bank.

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"Within that criterion, the projects to be covered by the Act of Bogota will include, for example: the colonization plans of Pernambuco ($10 million) of SPVEA ($600,000) and of Rio Grande do Sul ($4,150,000). The housing plan -- which covers the slums (favelas) of Guanabara, the housing construction plans of the social welfare Institutes, and those of the Popular Housing Foundation, plus the financing of private houses by the savings banks -- total $40 million. The Sudene plan, with $40 million, including $5 million for house construction. The water supply plans for 12 capitals and cities with more than 9,000 inhabitants, totalling $45 million and for Guanabara and Salvador, totalling $25 million. The colonization and agrarian reform program of São Paulo, $21 million. Still in the form of soft loans, ICA will comprise the education plans, relative to school scholarships, school supplies, the Technological Institute of Rio Grande do Sul and the Technical School of Parobé, in a total of $6,282,000, the last two items amounting to $1,082,000 and $1,200,000. The health plan for the State of Minas Gerias will be able to dispose of $8 million and the Insitute of Biological Research of Rio Grande do Sul, $680,000. In the agricultural sector, three projects of the Ministry for improvement of herds and the production of seeds will be able to obtain $6.5 million; $7.5 million will be destined for rural credit; $800,000 for the Institute of Veterinary Research; and $1.5 million for the extention of the supervised credit services of ABCAR. Those portions represent a total of approximately $212 million in soft loans.

"For productive investments likely to be more rapidly renumerative, the normal sources of finances were contemplated, with the periods, interest rates, and amortizations corresponding to banking and business standards. Accordingly, from the ordinary resources of the Inter-American Development Bank we expect to attend to the necessities of FRIMISA, with $3,800,000; to the cold storage facilities of Porto Alegre, with $1.3 million; to storage and warehouse facilities with $5.5 million; and to various projects for the production and distribution of electric energy with $60.5 million, involving undertakings from the Amazonas to Rio Grande do Sul. From the International Bank, the plan for the surburban traffic of Rio de Janeiro, São Paulo and Belo Horizonte, with $32 million. From the Eximbank, the plans for purchase of equipment for road construction with $30 million. And from the Development Loan Fund, a global loan of $40 million to the National Economic Development Bank and $11.2 million for the purchase of railway cars.

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"The sum of those portions of the normal loans will reach about $185 million and the total of the two types of loans, about $400 million.

"At this moment, we are initiating examination of the projects of the Emergency Plan to be financed by the Inter-American Development Bank, through a working group composed of officials of the Technical Advisory Group of the Presidency of the Republic, headed by Professor Candido Mendes de Almeida and the representative of the Inter-American Development Bank, Sr. Evaldo Correio Lima. Within a short period, the Director of the Inter-American Bank, Sr. Cleantho de Paiva Leite, will rejoin that group so that the projects may be sent as soon as possible for examination by the Directors of the Bank in Washington.

"On making this information public, I consider it of the greatest importance to advise that no one should delude himself with the impression that that influx of resources from abroad, possibly to be doubled in the following years, will create a situation of abundance which will permit us to return to the practice of liberality in the matter of financial policy. If that state of mind comes to prevail, we will have put aside the greatest opportunity which has ever arisen in Brazil for the realization of harmonious economic and social development.

"The Alliance for Progress does not envisage, in fact, a process of development financed exclusively from external resources. It is based on the mobilization of the resources of the countries of Latin America, supplemented by financing from abroad, and one of the essential conditions of that mobilization is that it not be made through inflationary processes. Thus, in order to do justice to the great assistance which can come to us, in the order perhaps of $700 million to $800 million per year, we must prepare ourselves to absorb it with due caution, in order that it may not produce either an inflationary or deflationary impact, in each case with great risk for the national economy.

"Another important objective of the Alliance for Progress is that of promoting a better distribution both of national income and of national opportunities. Special emphasis will have to be given, therefore, to development of the education



system, to improvement of sanitary conditions, to access of farmers to ownership of land and to the improvement of agricultural techniques, to the construction of sanitary dwellings and to a fiscal reform which better distributes the burden of national expenditures. Private companies, for their part, will have to adapt themselves to the role of fair distributors of the national income and not as instruments for concentration of portions of that income to the benefit of small groups.

"The Alliance for Progress marks, in fact, the beginning of a new era for Latin America, the benefits of which Brazil -- because of the large steps which it has already taken in its development process -- is in a better position to profit from than any other country. The effort to which it convokes us is of such magnitude that, in truth, it is the occasion for uniting us all to carry it to a good conclusion."

SOURCE:
Diario Carioca
August 26, 1961

Translated by:
Herbert K. May
Treasury Attaché

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732.512-1260

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AIR POUCH
PRIORITY

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FOREIGN SERVICE DESPATCH

FROM : Amembassy, Rio de Janeiro — 798 DESP. NO. — February 12, 1960 DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : Embassy Despatch 656, December 28, 1959

COPY NO. 1 SERIES A

For Dept. Use Only	ACTION	DEPT.
	ARA-	RM/R- IRC- E- L- U/MSC-
	REC'D 2-16-60	INFO OTHER CIA- OSD- Army- Navy- Air - USIA-

SUBJECT: JOINT EMBASSY-JBUSMC MILITARY MEETING OF FEBRUARY 5, 1960

Enclosed is a summary of the Embassy-JBUSMC Military Meeting held on February 5, 1960. The last meeting took place on December 18, 1959.

For the Ambassador:

Philip Raine
Counselor of Embassy
for Political Affairs

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
FEB 19 1960

Enclosure:
Copy of Summary of Embassy-JBUSMC Military Meeting - February 5, 1960.

DISTRIBUTION:
Service Attachés, JBUSMC (3), POL (4), CF (2).

This document consists of 4 pages No. 1 of 2 copies, Series A

1960 FEB 12 AM 7 28

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Drafted by: PRaine/jjh REPORTER

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SUMMARY OF EMBASSY-JBUSMC MILITARY MEETING
FEBRUARY 5, 1960

Participants: Embassy: The Ambassador, Minister Bond, Philip Raine, Colonel Langford, Captain Sunderland, Colonel Gibbons

JBUSMC: General Bell, Admiral Quinn, General King, Colonel Learman, Lt. Col. Renny

1. Radio Rio

Admiral Quinn reported that the Naval Mission has been experiencing some difficulty with Brazilian Naval authorities with regard to (1) long term modernization of Radio Rio and (2) temporary expansion of facilities in connection with requirements for the visit of President Eisenhower. He noted that for some months past equipment has been arriving to replace worn out equipment and that certain other work would be required in connection with modernization including installations on Ilha do Governador. The Admiral noted that officers in charge of Radio Rio had not been able to obtain permission of working level officers for this modernization. Meanwhile, Radio Rio has been requested to expand its facilities temporarily in order to take care of the traffic which is anticipated with the forthcoming visit of the President to Brazil. Admiral Quinn went on to explain that he had addressed two notes to the Minister of the Navy, replies to which had been long delayed but which he had just received.

The Minister of Marinha gave permission for expansion of facilities needed for the President's visit but stipulated that said installations were to be dismantled after March 4. With respect to modernization of the installation the Minister had replied that such request would have to be made through diplomatic channels. The note had gone on to say that the legal basis for the operation of the station as well as the matter of modernization would be studied by the Ministries of Marinha, Foreign Affairs and Transportation.

Admiral Quinn gave some further data on the character of traffic carried by Radio Rio and the legal basis under which it operated. It was believed that the station came into existence on the basis of understandings in the secret political-military treaty of 1942§ and the need for its continued existence would be based on

§Subsequently it developed that Radio Rio was established on the basis solely of a verbal agreement between the then commander of the U.S. South Atlantic Fleet and the Brazilian Minister of Marinha.

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that treaty as well as the military assistance agreement of 1953.

After some discussion of the subject the Ambassador suggested that a telegram be sent informing the Department that the Embassy would on February 15 present a memorandum to the Foreign Office requesting permission to modernize Radio Rio. The memorandum would base our justification for operation of the station on the 1942 treaty and the 1953 military assistance agreement. The Ambassador noted that he considered it important to attempt to settle the matter as soon as possible in the atmosphere of euphoria attendant on the forthcoming visit of President Eisenhower.

2. Military Advisory Mission at the Escola Superior de Guerra

Mr. Raine reported that the Embassy had been definitively informed a few days before that the Brazilian Government is not now interested in continuing the Military Advisory Mission at the Escola Superior de Guerra. He reviewed briefly the final phases of the negotiations.

3. Banyan Tree No. 2 Exercises

Colonel Renny reported on the status of this project which until the day before had been bogged down in communications between the Ministry of War, Air and the Foreign Office due to a misunderstanding arising over how much air transportation would be required from the Brazilian Air Force and how far that transportation would be expected to take the paratroop company on its way to Panama. New letters had been written by the War Minister to the Foreign Office and the Ministry of Air and the Foreign Office had subsequently informed the Embassy that the note officially accepting the invitation was being drafted. The Foreign Office had requested the Embassy to ask approval of Colombian authorities for passage of Brazilian personnel since they would be traveling in U.S. aircraft. A suggestion was made that the impact of the operation would be greater if it were possible to send a USIS team along with it. This question as well as representation by the Brazilian press was to be explored by Colonel Renny with USIS.

4. Naval Aviation Training

The Ambassador asked Admiral Quinn for a report on the status of this issue which had arisen when the Minister of Marinha requested that twenty Naval officers be sent to the United States for training as pilots in order to be prepared for jobs on the carrier, Minas Gerais, as observers. Admiral Quinn explained that the matter had arisen over a misunderstanding to the effect that an equal number of Air Force officers had gone to the States for training as

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pilots. Admiral Matoso Maia had requested and received the permission of the President to obtain training for the Navy men on this basis. He added that the Navy request is still pending. As the matter now stands CINCARIB has notified JBUSMC that it has no program which would take care of these twenty men.

The Ambassador said that he had brought up the matter during a recent interview with President Kubitschek pointing out that the Embassy and U.S. military authorities in Brazil were often placed in the embarrassing position of seeming to favor one service over the other over a question which was not in the competence of the missions. He had told the President that we were, of course, making every effort to preserve a balanced attitude between the Brazilian Navy and Air Force and would continue to do so. The President had informed him that the matter has been referred to the Estado Maior das Forças Armadas.

The Ambassador observed to the meeting that he had thought the question had already been resolved by the Estado Maior das Forças Armadas (EMFA). It was subsequently brought out that this is the second time the President has referred the question to the EMFA for an opinion. The second request went to the new chief of EMFA, General Hesket-Hall.

Discussions ensued among the various chiefs of section regarding the pressures they were under from their counterparts in the Brazilian services who constantly called upon them to make decisions and recommendations which are properly those of the Brazilians. The Ambassador observed that he must depend on the missions to keep these maneuvers under control. He asked if the U.S. missions might not be able to delimit the controversial positions and make subsequent decisions on that basis. General Bell informed the Ambassador that this has already been done and while it helped it did not solve the problem of aspirations between the two Brazilian services.

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FOREIGN SERVICE DESPATCH

FROM : AmEmbassy RIO DE JANEIRO

929
DESP. NO.

March 24, 1960
DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : Embassy Despatch 798, February 12, 1960.

COPY NO. 1 SERIES A

	ACTION	DEPT:
20 For Dept. Use Only	ARA-	
	REC'D 4-1-60	INFO OTHER: RM/R- IRC- USMSC- CIA- OSD- Army- Navy- Air-

SUBJECT: JOINT EMBASSY-JBUSMC MILITARY MEETING OF MARCH 17, 1960.

Enclosed is a summary of the Embassy-JBUSMC Military Meeting held on March 17, 1960. The last meeting took place on February 5, 1960.

For the Ambassador:

Philip Raine
Counselor of Embassy
for Political Affairs

Enclosure: as m/m

1) Copy of Summary of Embassy-JBUSMC Military Meeting - March 17, 1960.
2) Copy of Memorandum of Conversation of March 7, 1960 re Military Assistance.

DISTRIBUTION: Service Attachés, JBUSMC(3), POL(4), CF(2).

This document consists of 7 pages No. ___ of 12, Series A.

Copy No(s). 3

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DEPARTMENT OF STATE
BUREAU OF
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MAY 19 1960

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732.5/3-2460 HBS

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SUMMARY OF EMBASSY-JBUSMC MILITARY MEETING
MARCH 17, 1960

Participants: Embassy: The Ambassador, Minister Bond, Philip Raine, Colonel Langford, Captain Sunderland, Colonel Gibbons.

JBUSMC: General Bell, Admiral Quinn, General King, Colonels Shead and Ashton (CINCARIB), Colonel Renny.

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1. Navy Board of Inquiry

The Ambassador opened the meeting expressing his appreciation for the discretion with which Admiral Shinn has conducted the U.S. Navy inquiry into the air accident involving a United States Naval plane and a Brazilian commercial plane. It was observed that the Board had received excellent cooperation from the Brazilian Navy and Air Force. Both the Ministers of Navy and Air are giving dinners for the Admiral prior to his departure.

2. Banyan Tree II

General Bell reported that he had just returned from Panama where he had witnessed the Banyan Tree II exercises. He said it had been a very successful maneuver, that coordination was excellent, that the Panamanian amphibious landing team and the Brazilian company of paratroopers had been outstanding and had received much favorable attention. The General said that in his opinion the exercise was very worthwhile both militarily and psychologically and that future exercises should be conducted similarly to this one, i.e., participation by other countries kept down to company or slightly larger sized units. The Ambassador observed that he was pleased with the results and noticed that Hanson Baldwin in the New York Times and Time magazine both had made favorable comments on the Brazilian contribution.

3. MAP

General Bell explained that Colonels Shead and Ashton were visiting Brazil in connection with implementation of the Draper Committee Report and were helping the American element in JBUSMC in the preparation of MAP justification. He added that the help of the Embassy would be required in obtaining certain data.

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Mr. Raine read to the meeting several instructions recently received in connection with requirements for preparation of reports. He then went on to inform the meeting of a recent conversation in which Ambassador Pio Correa, Chief of the Political and Cultural Department of the Foreign Office, Minister Bond and he had taken part. The principal questions raised by Ambassador Pio Correa were: (1) restrictions on location of military equipment granted under the MAP; and (2) additional equipment requested by the Brazilian Army (see memorandum of conversation attached).

In commenting on the Brazilian request for more freedom in determining the location of grant equipment the Ambassador observed that it was certainly not in the U.S. interest to keep the Brazilian military on leading strings. In his opinion equipment should be given in full awareness of the task to be accomplished and with the Brazilian Armed Forces left to use its own judgment on how available units can best be deployed. General Bell said that this was a question which he would like to study a little further but that offhand he was quite agreeable that equipment go to other parts of the country than those designated as defense areas whichwould make it possible for him to have a regional office, for example in Pôrto Alegre, and better observe Brazilian military activities. Some 40% of the Brazilian Army is stationed in the southern part of Brazil and no U.S. grant equipment is in the area.

Minister Bond pointed out that since most of the troops and the best troops were kept in the southern area if they are expected to make a significant contribution in event of an emergency they should certainly have modern equipment with which to train.

Colonel Ashton said that he was somewhat surprised at the Brazilian request since he had never understood that U.S. missions or commissions insisted that grant equipment be maintained within specific designated areas according to requirements of hemisphere defense tasks. It seemed quite plausible to him, for example, that equipment might be kept outside these areas but nevertheless able to move in quickly if needed.

Colonel Renny observed that defense tasks and areas are established by the Inter-American Defense Board and very little leeway is allowed countries in disposition of equipment. The Ambassador observed that it seemed to him that Brazil has greater immediate interest, more than we ourselves do, and that we should leave up to their judgment how they would defend those interests. General Bell said that the problem is a difficult one but that he will study it and will see what can be done about restationing some of the units.

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Minister Bond stated that Ambassador Pio Correa had certainly been fighting some of our battles for us, was pro-democratic and friendly to the United States and that whatever we could do to strengthen his hand would be important for U.S. objectives. Colonel Shead said that CINCARIB was always aware of and sensitive to political considerations in military aid and that when such considerations arise they should be reported as fully as possible.

Reference was also made to a forthcoming request from the Brazilian Army for a heavy construction engineering battalion which it was generally agreed would be helpful for Brazil's economic development.

4. Radio Rio

Admiral Quinn reviewed the status of the Radio Rio case (See Minutes of Military Meeting of February 5, 1960) saying that the additional temporary equipment which had been installed in connection with the visit of President Eisenhower has now been dismantled or sealed which situation has the approval of Brazilian Naval authorities. He said that he understood that the Embassy has now received instructions regarding Operation Transit on the basis of which the United States Navy Department had suggested the desirability of retaining in operation the extra facilities mounted in connection with the presidential visit. The Ambassador said that he understood the situation but since we had been granted permission to put up the temporary equipment only on the basis of the President's visit, he wished to make clear that we would have to move very slowly in this situation since we could not use the "camel's nose under the tent" technique and we must play fair with the Brazilians. Admiral Quinn pointed out that commercial facilities for communications in connection with Operation Transit from Brazil alone would cost about $800,000 which, of course, made it desirable to have the traffic handled by U.S. facilities. The Ambassador was in agreement but said that we would have to be exceedingly careful in our approach if it ultimately decided to ask for reinstallation of the additional equipment in order not to prejudice consideration of definitive status for Radio Rio.

5. Brazilian Armed Forces Personnel Changes

General Bell reported several changes in high ranking Brazilian personnel, notably the assignment of General Arthur Hescket-Hall as military advisor to the Brazilian Delegation at the United Nations,

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the assignment of General João Carlos Barreto as Chief of the Armed Forces General Staff and General Fabricio as Commandant of the Escola Superior de Guerra. All these changes, General Bell said, should facilitate continued cooperation.

Attachment:

Memorandum of Conversation of March 7, 1960 re Military Assistance with Ambassador Pio Correa, Minister Bond and Mr. Raine.

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MEMORANDUM OF CONVERSATION

March 7, 1960

PARTICIPANTS: Ambassador Pio Correa,
Chief, Political and Cultural Department,
Ministry of Foreign Affairs

Minister Niles Bond

Mr. Philip Raine

SUBJECT: Military Assistance

When we had finished discussing the law of the sea question and the announced visit of Janio Quadros to Cuba, Ambassador Pio Correa, on the suggestion of Minister Bond referring to a previous meeting, said that he desired to discuss the subject of military assistance from the United States to Brazil. He said that military authorities had hoped that the subject would be brought up during the visit of President Eisenhower, but because of its nature he, Pio Correa, thought it best for the subject to be taken up informally in the beginning at least.

The Ambassador referred to the Fernando de Noronha Agreement and the alleged additional responsibilities undertaken by Brazil in connection with the establishment of the tracking station on the island saying that while the Navy and Air Force appeared to be quite happy with the additional aid received and the conditions under which received, the Army has raised several points which he wished to discuss.

He said that he is a reserve officer himself and has been holding frequent meetings with high officers in the Army at which foreign policy and other matters are discussed. He wished before going on, he said, to explain particularly the importance both strategically and sociologically of the Third Army in Rio Grande do Sul. Brazilians have always felt that the area is one of the strategic points in the country and the Army has a very high standing in the area with the result that some of the best soldiers and officers in the Brazilian Army come from that area. Thus the Army considers it of great importance to make available to military units of the Third Army the most modern equipment possible for training

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purposes. He said that under the Military Assistance Agreement and the Fernando de Noronha Agreement equipment received for hemisphere defense cannot now be used except by those units designated for hemisphere defense as indicated in the secret defense plan. The Brazilian Army considers these restrictions unrealistic and in addition somewhat injurious to its dignity because of the implication that the Brazilians cannot be trusted to make their own decisions in this respect.

Mr. Raine pointed out the reasons why it was necessary to restrict the use of equipment received for hemisphere defense to units employed in designated tasks. Some restrictions are contained in legislation authorizing military assistance. He also pointed out the deep interest in the Congress that none of the equipment granted for hemisphere defense be used for the support of dictatorships or in any such way as might be considered directed against the civil population pointing to the criticism to which the United States had been subjected over arms used by the Batista regime in suppressing civil uprisings. Minister Bond said we would inquire into the matter.

The second request which Ambassador Pio Correa wished to transmit was the Army's desire to obtain equipment for four additional battalions of 105 field artillery which would permit the present four battalions to be augmented to four regiments. He said that this additional equipment would in fact only replace the four anti-aircraft 90 millimeter battalions which the U.S. Government will no longer support. Mr. Raine pointed out that this would in effect be an increase in equipment over that already approved on the basis of the Fernando de Noronha Agreement and that it could be assumed in the present climate in the United States that it would be virtually impossible to obtain additional equipment on that basis. Ambassador Pio Correa said that he was aware of the interest particularly of U.S. Senators in substituting economic aid for military aid but on the other hand he considers it of vital importance to satisfy insofar as possible requirements of the Brazilian Army. He went on to expand his remarks about the importance of keeping the Brazilian military oriented to a western point of view and a moderate nationalist viewpoint. He felt that his frequent meetings with the military was serving an important and useful purpose in this respect and added that anything the U.S. Government could do to strengthen his hand would redound to the mutual benfit of both countries. Minister Bond explained that the Embassy is very aware of the problem which the Ambassador faces and said that the two questions he raised would be looked into to see what could be done in the premises.

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PRIORITY

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FOREIGN SERVICE DESPATCH

FROM : Amembassy RIO DE JANEIRO — 1042 DESP. NO. — April 28, 1960 DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : Embdesp. No. 929, March 24, 1960.

For Dept. Use Only	ACTION	DEPT.
55	ARA-4	
	REC'D 5/13	INFO RPM/A-2 IRC-8 W/MSC-3 4-2 E-7
		OTHER CIA-10 OSD-4 Army-4 Navy-3 AF-6

SUBJECT: JOINT EMBASSY-JBUSMC MILITARY MEETING OF APRIL 14, 1960.

Enclosed is a summary of the Embassy-JBUSMC Military Meeting held on April 14, 1960. The last meeting took place on March 24, 1960.

DEPARTMENT OF STATE
BUREAU OF
MAY 16 1960
file AFM

For the Ambassador:

Eugene Delgado-Arias
First Secretary of Embassy

Enclosure:

Copy of Summary of Embassy-JBUSMC
Military Meeting - April 14, 1960.

APPROVED:

Philip Raine
Counselor of Embassy
for Political Affairs

DISTRIBUTION: Service Attachés, JBUSMC(5), CF(2)

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JUL 12 1960
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SUMMARY OF EMBASSY-JBUSMC MILITARY MEETING
APRIL 14, 1960

Participants: Embassy: The Ambassador, Minister Bond, Eugene Delgado-Arias, Captain Sunderland, and Captain Smyth.

JBUSMC: General Bell, General King, Admiral Quinn, Colonel Miller; Brigadier General Coutts, Commander Glaes, Colonel Powel, and Lt. Colonel Buckley (CINCARIB).

General Bell opened the meeting by introducing Brigadier General Coutts, Chief of Staff, Caribbean Command, who, together with a group of officers from CINCARIB was visiting in Brazil. General Coutts had addressed the Brazilian Command and General Staff School the day before, and expressed his interest in the work of the Joint Mission in this country.

1. Naval Aviation Training

The Brazilian Navy, having decided to proceed with the training of their personnel, will send a group of 28 Brazilian Navy men to the United States to be trained in the handling of gear aboard a carrier, for later assignment aboard the Minas Gerais. Navy Minister Mattoso Maia is extremely eager to have this training proceed according to schedule, which includes training in ship operation, communications, electronics, etc. The training course is to last 36 weeks. Admiral Quinn, in reply to a query from the Ambassador, reported that Admiral Mattoso Maia went to the President for approval and obtained it.

While approving the program for the 28 Navy men since there is no controversy in their case, the Ambassador recalled the difficulties which had arisen in the past over disagreements between the various branches of the Brazilian Armed Forces and insisted that nothing should be done to jeopardize the U.S. position in the matter, since it is for the Brazilians to determine how their forces are to share responsibility. A way must be sought whereby the U.S. will not find itself pulled into this controversy. Despite the assurances given by the Brazilians in the past, the recent incident in which the Navy Minister accused the U.S. MAAG Mission of partiality and favoring the Brazilian Air Force was due to this lack of clear-cut decisions which would clear the way for everyone. Since it is quite evident that the

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issue of jurisdiction is still very much alive among the Brazilian Armed Forces, the Ambassador reiterated that, in the interest of the U.S. position, every effort must be made to obtain a clear-cut decision in writing to avoid further incidents.

The Ambassador suggested that General Bell approach General Cordeiro Farias and explain the dilemma in which we find ourselves and point out why it is necessary for us to insist on definite approval in writing, indicating conclusively that approval from the President has been obtained. It was the Ambassador's feeling that we have a right to get this in writing from General Cordeiro Farias, indicating that it comes either from the President himself or from the EMFA. This procedure should put us in the clear, otherwise this continuing situation could endanger our Mission.

General Bell then stated that he would propose this to General Cordeiro Farias and would ask for approval in writing of the specific projects.

2. Escola Superior de Guerra Visit to the United States

General Bell reported that an invitation has been received from the Secretary of Defense for members of the Escola Superior de Guerra to visit the U.S. as guests of the Department of Defense. This trip is to be paid for out of MAP dollar funds. The Minister of War and General Barreto had already been informed of the invitation and were very pleased. It is estimated that the visit would include some 100 persons. The Department of Defense would cover expenses beginning at Miami. The possibility of the use of PL 480 Funds to finance the visit is to be explored and a telegram has already been sent to Washington by USOM.

It was decided that the invitation should be transmitted to the President of Brazil by the Ambassador through the proper channels to avoid any conflicts of jurisdiction.

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AIR POUCH
PRIORITY

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FOREIGN SERVICE DESPATCH

FROM : Amembassy RIO DE JANEIRO — 1162 DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. — May 24, 1960 DATE

REF : Embdesp. 1042 of April 28, 1960. — MAY 25 1960

55 For Dept. Use Only

ACTION: ARA-4 — REC'D 5/30

INFO DEPT.: RM/A-2 IRC-8 M/MSC-3 A-2 E-7

INFO OTHER: CIA-10 OSD-4 Army-4 Navy-3 AF-6

SUBJECT: JOINT EMBASSY-JBUSMC MILITARY MEETING OF MAY 6, 1960.

Enclosed is a summary of the Embassy-JBUSMC Military Meeting held on May 6, 1960. The last meeting took place on April 14, 1960.

For the Chargé d'Affaires, a.i.:

Eugene Delgado-Arias
First Secretary of Embassy

Enclosure: As

Copy of Summary of Embassy-JBUSMC Military Meeting - May 6, 1960.

APPROVED:

Philip Raine
Counselor of Embassy
for Political Affairs

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
JUN 2 1960

DISTRIBUTION: Service Attachés, JBUSMC (3), POL (4), [illegible] (5).

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EDelgado-Arias/nlk
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SUMMARY OF EMBASSY-JBUSMC MILITARY MEETING
MAY 6, 1960

Participants: Embassy: The Ambassador, Minister Bond, Mr. Raine, Mr. Delgado-Arias, Captain Sunderland, Colonel Gibbons, and Colonel Langford.

JBUSMC: General Bell, General King, Admiral Quinn, and Lt. Colonel Renny.

1. Anti-Submarine Warfare Exercises

Admiral Quinn reported on an Anti-Submarine Warfare joint exercise to be held with the participation of the Naval Forces of Argentina, Uruguay and Brazil. Nine senior naval representatives of these countries are already at Key West taking part in the preliminary planning. A letter addressed to Admiral Leite, Chief of Naval Staff, has been received from Admiral Burke, Commander-in-Chief, Atlantic Fleet, for a confab to be held at Key West on June 1-2, later to be continued in San Juan. The Anti-Submarine Warfare exercises will be in three stages, comprising a total of 105 days, divided by regions, with participation of various countries, as follows:

A. Panama, Colombia, Venezuela
B. Ecuador, Peru, Chile
C. Argentina, Uruguay, Brazil

One preliminary meeting with Brazil has already been held. The Brazilian Navy has asked the BAF to participate. In answer to a question concerning the participation of the aircraft carrier "Minas Gerais" it was reported that it is not involved. General King also said that it was not yet determined whether the ASW aircraft would participate. There are no questions of jurisdiction. It was suggested by the Ambassador that the invitation be channeled properly.

2. Move to Brasilia

The Ambassador reported everything seemed to indicate that the Brazilian Government is moving to Brasilia at a much faster rate than had been anticipated by anyone. He asked what plans JBUSMC was making for the move. General Bell said that a paper is being

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prepared on the needs of the three missions. The Ambassador requested General Bell to let him know their needs for the next three years to put before Washington during his forthcoming consultation.

General Bell commented that the General Staff has not yet announced a date for moving to Brasilia, and that he believed the several sections of JBUSMC would have to move as the general staffs of the respective services move. He is, however, planning for housing to be ready for the three U.S. Mission Chiefs, and apartments for fifty personnel by 1961. This planning would also include schools, commissary, PX, logistics support and other necessary services. Although the GOB has no responsibility for providing housing for the commission, yet the latter must be ready to move when the Brazilians do.

General King reported that living and office space have been promised him by the Air Minister, and that the Brazilians are planning on moving most top officials in the Air Ministry by January, 1961.

Admiral Quinn said that the Navy Ministry is not moving until after January. The Navy Minister has promised housing for January for himself and one commander and family.

The Ambassador remarked that the practical problem is to get to Brasilia in step with the Brazilians, and rentals will not be available in the near future. He added that the State and Defense Departments must be impressed with the fact that a crisis has arisen and we must move fast. He then requested the Mission Chiefs to approach their Ministers and (1) consult when and possibly how they are moving; and (2) transmit information through the Embassy to him in Washington.

It was General Bell's opinion that we should set our sights for our needs ten years hence. To the suggestion that PL480 Funds might be available, it was observed that approval from Congress must first be obtained.

3. Cuban Agents

Reference was made to a communication from Washington requesting information re Cuban activities in Brazil. It was reported that the only development was the fact that the Cuban military representative in Rio had resigned his job shortly after arriving and was still in the city.

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4. Radio Rio

Mr. Raine reported that the Chief of the Political Division of the Foreign Office had advised that approval for Radio Rio had been obtained from one Ministry but not from the others, but that no difficulty was anticipated in obtaining their approval.

5. Brazilian Air Force Trainees

The Ambassador referred to a letter received by General King from Brigadeiro Montero Trahassos notifying him that the invitation to Brazilian Air Force officers to participate in the training program in the U.S. "had received the approval of the President contained in a letter from him to the Minister." The Ambassador reported that he had had a long conversation with Admiral Leite, Chief of Naval Staff, in which he explained our position at length, pointing out that we were interested in remaining neutral in any differences of jurisdiction between the Brazilian Armed Services, recognizing that the Brazilians must be the ones to decide on these matters, and that our only desire is to be in a position to fulfill our obligations. Admiral Leite informed him that a commission had been set up in the Armed Forces General Staff to study and report on these matters, but that this would take several months at best.

Admiral Quinn was requested to advise the Navy Ministry that a written notification had been received indicating the President's approval for the Air Force trainees to receive training in the United States and that lacking evidence to the contrary we could not question that authority.

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FOREIGN SERVICE DESPATCH

FROM : Amembassy RIO DE JANEIRO — 1218 DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. — June 14, 1960 DATE

REF : Embdesp. 1162, May 24, 1960. — JUN 15 1960

For Dept. Use Only	ACTION	DEPT.
55	ARA-4	RM/R-2 IRC-8 U/MSC-3
	REC'D 6/20	INFO OTHER CIA-10 OSD-4 Army-4 Navy-3 Air-6

SUBJECT: JOINT EMBASSY-JBUSMC MILITARY MEETING OF MAY 27, 1960.

Enclosed is a summary of the Embassy-JBUSMC Military Meeting held on May 27, 1960. The last meeting took place on May 6, 1960.

For the Chargé d'Affaires, a.i.:

Eugene Delgado-Arias
First Secretary of Embassy

DEPARTMENT OF STATE
BUREAU OF
INTER - AMERICAN AFFAIRS
JUN 21 1960

Enclosure:

Copy of Summary of Embassy-JBUSMC
Military Meeting - May 27, 1960.

DISTRIBUTION: Service Attachés, JBUSMC (3), POL (4), CF (3).

732.5/6-1460

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SUMMARY OF EMBASSY-JBUSMC MILITARY MEETING

MAY 27, 1960

Participants: Embassy: Minister Bond, Mr. Raine, Mr. Delgado-Arias, Captain Sunderland, Colonel Langford, Lieutenant Lykes.

JBUSMC: General Gaither, General Bell, Captain Hilton, Captain Raser, Colonel Shedd, Lt. Col. Piper, Lt. Col. Thompson, Lt. Col. Renny and Major Moura.

The meeting opened with the introduction of General Ridgely Gaither, Commander-in-Chief, Caribbean Command, by General Bell. General Gaither reported that he was on his way back to Panama from attending the Argentine Sesquicentennial celebration as a member of the U.S. Mission. He also made an inspection trip to Chile to have a look at the U.S. relief operations in Chile where the Caribbean Command had sent two field hospitals. He went on to discuss the preparations for next year's Operation Banyan Tree. During his trip he had sounded out the various governmental authorities. He reported that Brazil's participation will be the same as last year's. The operation is to begin about March 1, 1961.

General Gaither also mentioned that General Robert Sink, his successor, is taking over from him in the near future and will be in charge of next year's operation.

The General explained that the exercise is designed to train a combined force as a trained instrument available to the OAS, capable of great mobility, and ready to go anywhere in Latin America to stamp out any threat which may arise. He expressed the opinion that this force is much better than a Latin American international police force. The exercise is thus designed to develop a cooperative force for policing purposes. This in itself facilitates justification of the expenditures involved before Congress.

Although the Central American countries have expressed a desire to participate, this is not now considered advisable. In the case of Mexico, although their military are interested, the Mexican Government is not. One of the important aims of the training programs, said General Gaither, was to train Latin American officers, imbuing them with a professional attitude which will help to keep them from meddling in politics.

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The operations last year were a great success, publicity was excellent, and they constituted an actual test of our aid programs. The General stated that, although there have been problems with various countries, Brazil has posed the least, and its paratroopers performed magnificently during the exercise.

The exercise was likewise successful in demonstrating that the Armed Forces of the various Latin American countries can cooperate in perfect harmony. None of the frictions or possible sensitivities which it was feared might arise ever developed.

In answer to a query as to the possibility that Brazil might receive the missiles which they would like to have, General Gaither said that this is not now envisaged.

General Bell mentioned the suspension of all training of Brazilian flying personnel on orders from President Kubitschek, and indicated that in view of this suspension it may be necessary to consider how this might affect the pending delivery of planes to the Brazilian forces.

The meeting was adjourned at 12:45 P.M.

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AIR POUCH
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FOREIGN SERVICE DESPATCH

FROM : Amembassy RIO DE JANEIRO — 71 DESP. NO. — COPY NO. 1 SERIES A

TO : THE DEPARTMENT OF STATE, WASHINGTON. — July 27, 1960 DATE

REF : Embassy Despatch 1218, June 14, 1960 — AUG 1 1960

55 For Dept. Use Only	ACTION	DEPT.
	ARA- REC'D 8/4	INFO RM/R - IAC - w/msc -
		OTHER CIA - OSD - army - Navy - air - NSA -

SUBJECT: JOINT EMBASSY-JBUSMC MILITARY MEETING OF JULY 1, 1960

Enclosed is a summary of the Embassy-JBUSMC Military Meeting, held on July 1, 1960. The last meeting took place on May 27, 1960.

As will be noted, the meeting was largely concerned with embarked aviation and MAAG training program in connection therewith. Background information is contained in Embassy Despatch No. 22, July 11, 1960.

On July 14, 1960, President Kubitschek rendered an interim decision directing the General Staff of the Armed Forces to (1) re examine the so-called "doctrine of cooperation", according to which the Air Force would be responsible for embarked aviation, and (2) for the present, the aircraft aboard the "Minas Gerais" will be operated by the Air Force. The presidential directive authorized Air Force personnel to continue MAP Air Group training programs.

For the Ambassador:

George R. Phelan, Jr.
Second Secretary of Embassy

APPROVED:

Philip Raine
Counselor of Embassy
for Political Affairs

DEPARTMENT OF STATE
BUREAU OF INTER-AMERICAN AFFAIRS
AUG 8 1960

This document consists of __ pages. No. 1 of __ copies, Series __.

Enclosure: Summary of Embassy-JBUSMC Military Meeting-7-1-60

DISTRIBUTION: Service Attaches, JBUSMC (3), Pol (4), [illegible] (3)

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SUMMARY OF EMBASSY-JBUSMC MILITARY MEETING

JULY 1, 1960

PARTICIPANTS: Embassy: Minister Bond, Mr. Raine, Colonel Langford, Captain Sunderland, Colonel Gibbons, Colonel Lonning, Mr. Solana, Mr. Phelan, Lt. Lykes

JBUSMC: General Bell, Admiral Quinn, General King, Colonel Renny

1. MAP Developments + Engineering Battalion

General Bell pointed out that funds for the Heavy Engineer Construction Group recommended by MAAG Brazil, which was to be used in the Northeast, had been deleted from the Military Assistance Program as forwarded by CINCARIB to OSD. Everything else was approved. CINCARIB had considered that the battalion was more properly an economic project. General Bell further indicated that he had informally advised General Cordeiro and that the request which had been forwarded to Cordeiro from the National Security Council would probably now be sent to the Embassy through the Foreign Office for possible USOM action. On the subject of the Northeast, General Bell commented that a US banker who had heard of Celso Furtado, head of SUDENE, had expressed to him much interest in his plans for economic development of the Northeast.

2. Embarked Aircraft on "Minas Gerais"

Minister Bond opened the topic by pointing out that the US Government had been placed in an embarrassing situation during the last two weeks because of the fact that US military officials in Rio were apparently speaking with two voices to their Brazilian counterparts.

General Bell stated that he had attended a meeting that morning called by the Brazilian Chiefs of EMFA and JBUSMC, at which time they indicated that they were in possession of two documents giving different requirements for S2F pilot training. They asked, according to General Bell, which one should be used as a training standard for personnel of the "Minas Gerais," since one document provided by the FAB cited certain standards published by the US Navy and another,

in conflict, had been supplied to Admiral Mattoso Maia by the Chief of the US Navy Mission. The documents were brought to the attention of the President, who submitted them to General Barreto for appropriate action and recommendations. General Bell stated that he had promised Barreto he would submit, during the course of the day (July 1), the information required by the GOB regarding standards to be used in establishing training criteria for S2F training offered by the United States.

Minister Bond then stated that during a luncheon with General Barreto he (Minister Bond) had been informed of the existence of double standards regarding training criteria. Minister Bond suggested that, in view of this unfortunate and embarrassing situation, a letter be sent to General Cordeiro de Farias setting forth transition training standards for S2F pilots and read a proposed draft of a letter covering the subject.

Admiral Quinn emphatically disagreed with some portions of the draft, stating that the Navy had no different criteria on standards for training and that he was sure that the confusion was due to an honest misinterpretation of the information available; he reiterated that there was only one standard.

Minister Bond pointed out that this was a question requiring the establishment of facts and that Admiral Quinn's remarks had helped to clear his misapprehensions on the matter. Minister Bond emphasized the need for establishing a single set of US criteria and letting the Brazilians make their own decision as to whether Air Force or Navy personnel should be trained to pilot the "Minas Gerais'" S2F's. We should not be concerned with basic training which is in their hands, but with transition training.

Admiral Quinn suggested that some modifications be made in the draft read by Minister Bond and proposed a meeting at General Bell's office, together with General King, to discuss the matter further and to work out an agreed draft of a letter.

Minister Bond again made it clear that the United States must speak with one voice only and that there should be no conflicting bits of information, adding that he hoped there was no contradiction in US service manuals.

Admiral Quinn agreed and added that it was up to General Bell to be the one voice.

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General Bell at this point stated that the draft read by Minister Bond outlined their position (General Bell's and Minister Bond's) and that it was imperative to make clear in the minds of the GCB that the US delegation letter would supersede any conflicting information that they might have received previously.

General King stated that FAB had been given the job of selecting trainees with certain qualifications and that, in attempting to establish criteria, it had utilized certain US Navy documents. General King pointed out that he had strongly urged the FAB to select S2F trainees on the basis of the operational requirements of the US Navy and that the FAB had selected their personnel accordingly. In analyzing and consolidating the information on this subject, the GCB is apparently under the impression that there are two distinct sets of standards for entering S2F training.

Admiral Quinn then referred to the US Navy operation instruction under reference, which he said was a valid Navy document that should be used but not as criteria of US standards in this case, adding that there had been some honest misinterpretation of the document.

General King pointed out that the document given Admiral Mattose Maia apparently was not consistent with his (General King's) advice to use the requirements set down by the US Navy to operationally qualify 1st, 2nd, and 3rd pilots (400, 600, and 900 hours) of multi-piloted aircraft.

Minister Bond commented that the Navy and Air Force should get together and that minimum requirements in terms of hours was a very important factor. General Bell agreed and added that conflicting information had embarrassed the US delegation. He indicated to Admiral Quinn that the S2F training requirements given to Brazil through his (Admiral Quinn's) channels were in conflict with CNO requirements provided by JBUSMC.

Minister Bond said that the proposed draft of the document to be presented to General Cordeiro de Farias should be factual, and that it was of the utmost importance that the document set forth an agreed version of US Government criteria with regard to S2F training.

General King again reiterated that as far as the Brazilian Air Force is concerned, they have been advised to use requirements as

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set down by the US Navy in appropriate OPNAV instructions for manning and commanding ASW aircraft.

Minister Bond remarked that regardless of which service flies the planes, competent, well-trained pilots are essential and we must advise the Brazilians as to the requirements for a well-trained pilot in accordance with current US standards.

General Bell concluded that their (JBUSMC) task is to prepare a document that they all agree expresses one US position and that such a document must be ready as quickly as possible, since President Kubitschek wants to make his decision and is restrained because of an apparent conflict in US advice. Deviations or short cuts from established US standards should not be taken to prove a point, he added.

3. Anti-Submarine Warfare Exercises

Admiral Quinn then spoke of the meeting of Navy Chiefs at Key West from June 6-8 and the fact that Admiral Burke had entered into discussions with his counterparts on anti-submarine warfare exercises, a program in which the Brazilians will take part. Admiral Quinn stated that the Brazilians had extended an invitation to meet again in September 1961 in Rio. Admiral Quinn classed the meeting as a great success and Minister Bond said that it had, indeed, paid dividends and that Admiral Leite was well impressed.

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FOREIGN SERVICE DESPATCH

FROM : Amembassy RIO DE JANEIRO DESP. NO. 278

COPY NO. 1 SERIES A

TO : THE DEPARTMENT OF STATE, WASHINGTON. DATE September 29, 1960

REF : Embassy Despatch 71, July 27, 1960 OCT 4 1960

For Dept. Use Only	ACTION	DEPT.
55	ARA-	RMR- INR- 4/MSC-
	REC'D 10/7	OTHER CIA- OSD- army- Navy- USIA-

SUBJECT: JOINT EMBASSY-JBUSMC MILITARY MEETING OF SEPTEMBER 8, 1960

DEPARTMENT OF STATE BUREAU OF INTER-AMERICAN AFFAIRS OCT 13 1960

Enclosed is a summary of the Embassy-JBUSMC Military Meeting held on September 8, 1960. The last meeting took place on July 1, 1960.

For the Ambassador:

George H. Phelan, Jr.
Second Secretary of Embassy

APPROVED:

Philip Raine
Counselor of Embassy
for Political Affairs

This document consists of ___ pages. No. ___ of ___ copies, Series ___.

Enclosure:

Summary of Embassy-JBUSMC Military Meeting, 9-8-60

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SUMMARY OF EMBASSY-JBUSMC MILITARY MEETING

SEPTEMBER 8, 1960

PARTICIPANTS:

Minister Bond	Mr. Marelius
Minister Cottam	Captain Howell, USN
General Sink, USA	Colonel Tibbets, USAF
General Bell, USA	Colonel Renny, USAF
Admiral Quinn, USN	Mr. Shields
General King, USAF	Mr. Phelan
Mr. D'Alessandro	Captain Smyth, USA
Captain Ireland, USN	Major Moura, USA

AGENDA: [redacted]

Minister Bond started the session by explaining the purpose and value of military meetings, periodically held at the Embassy, pointing out that he had scheduled this one, and invited heads of sections of the Embassy to participate, to discuss with General Sink matters of mutual interest. Minister Bond added that the group would be happy to answer any questions that General Sink might have.

General Sink then gave a summary of the structure of the CinCARIB's command, indicating that it is a unified command covering all countries in South and Central America and that he had assumed charge of that post only two months ago.

General Sink asked about the progress of the Curitiba-Porto Alegre railroad. General Bell informed him that the latest reports show that 275 Kms are already completed.

General Sink asked what military groups the United States was supporting. General Bell named the 1st Airborne Division, Engineer Battalion, Medical and Quartermaster Units.

Minister Bond made reference to the requested additional support for engineering battalions which had been turned down by CinCARIB, and Minister Cottam said that USOM was presently studying the possibility of using Point IV funds for that purpose.

General Bell, as well as Mr. Solana, pointed out the importance of these battalions, particularly in the Northeast, in the building of roads in an area where communications are bad or non-existant.

General Sink inquired about Petrobras. Minister Cottam said that some reports on the subject of Brazilian oil production were not

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accurate, and that Bahia is presently producing 75,000 barrels per day, that is, 20-25 percent of Brazil's needs. Minister Bond said that explorations were being conducted in the Amazonas region but with no fruitful results so far.

In reply to General Sink's inquiry regarding the Brazilian exchange situation, Minister Cottam mentioned that the free exchange market is stable; that Brazil is having an enormous inflation; and that its foreign exchange is weak.

General Sink expressed an interest in knowing the impact of Brasilia on the national economy. Minister Cottam indicated that Brasilia had been built through considerable printing of new money. He added that, industrially, the country was developing quite rapidly, citing as an example the auto industry which is now well established.

Major Moura referred to the forthcoming visit to the United States of the Brazilian War College and the preparations being made to assure its success. Minister Cottam said, in that connection, that various members of the group had had a one-hour briefing with Ambassador Cabot and had stated their appreciation for such courtesy and had praised very highly the value to them of that briefing.

Major Moura said that the recent Inter-American Army Conference was a success. The general impression was that the most important factor was the opportunity to get officers of the various American republics together. He added that the group was somewhat disappointed because of lack of formal agenda and inability to issue a strong joint declaration denouncing Communist infiltration in Latin America. According to Major Moura, the State Department was consulted and counseled that such a declaration not be made. The Brazilian delegate, Major Moura said, was Major General Arruda from Washington.

Major Moura then spoke about Operation Solidarity scheduled for February-March 1961, with Panama, Chile, Colombia, Venezuela, Brazil and USA participating. Minister Bond asked if Mexico had any interest in the matter and Major Moura gave a negative reply.

Major Moura also commented on the weapons' demonstration project, to which Ministers of Foreign Affairs and Defense from Latin American countries will be invited. Major Moura said that this project has strong State Department support and that it will possibly be held in Puerto Rico.

Major Moura then talked about General Sink's visit to Brasilia and the fine Independence Day military parade there. He also reported

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that General Nicanor Guimarães de Sousa had informed him that (1) Marshal Denys will continue as Minister of War, regardless of who wins the elections, and (2) 70 percent of the Army is against Lott.

General Sink asked who the Embassy thought will be the next president and Minister Bond replied that as of the moment Janio appeared to be ahead.

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VIA AIR POUCH
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FOREIGN SERVICE DESPATCH

FROM : Amembassy, Rio de Janeiro — 392 DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. — November 9, 1960 DATE

REF : Embassy Despatch 278 of September 29, 1960

COPY NO. 1 SERIES A

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	ARA	RM/R- INR U/MSC
	RECD 11/15	INFO OTHER CIA OSD ARMY NAVY AIR

DEPARTMENT OF STATE
BUREAU OF INTER-AMERICAN AFFAIRS
NOV 23 1960

SUBJECT: MINUTES OF THE MILITARY-COUNTRY TEAM MEETING, NOVEMBER 3, 1960

Enclosed is a summary of the Military-Country Team Meetings held on November 3, 1960. The last meeting took place on September 8, 1960.

For the Ambassador:

Philip Raine

Philip Raine
Counselor of Embassy
for Political Affairs

This document consists of 4 pages,
No. 1 of 1 copies, Series A.

Enclosure:

Minutes of the Military-Country Team Meeting, November 3, 1960.

Embassy Distribution: Service Attachés, JBUSMC (3), CF (3), POL (4), MinReon (1), USIS (1), POL II (1)

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MINUTES OF THE MILITARY-COUNTRY TEAM MEETING, NOVEMBER 3, 1960

Present:	EMBASSY	JBUSMC
	The Ambassador	General Bell
	Minister Bond	General King
	Minister Saccio	Captain Hilton
	Philip Raine	Colonel Renny
	Aldo D'Alessandro	
	Colonel Lonning	
	Captain Ireland	
	Colonel Kalb	
	Donald Marelius	

An expanded military meeting was called since several of the items to be discussed were of broad interest.

1. General Barreto's Trip to the United States:

General Bell reported that the visit to the United States of General Carlos Barreto, Chief of the Armed Forces General Staff, during which he was the guest of the Secretary of Defense, was highly successful. He outlined briefly General Barreto's program highlighting his speech before the Inter-American Defense Board in which General Barreto, among other things, pointed out that Brazil has always been allied with the United States and expressed the hope that the other American representatives agreed with Brazilian policy in this respect. General Bell expressed the opinion that the United States had stored considerable goodwill in an important area of the Brazilian army as a result of the [redacted]. He observed that General Cordeiro de Farias, President of [redacted] had made special mention of the value of General Barreto's [redacted] as well as that of the students from the Escola Superior de Guerra.

2. Escola Superior de Guerra Visit to the United States:

Mr. Bond who had greeted the party at the airport on its return, and Colonel Renny who was also present, noted the enthusiasm with which the students and faculty members of the Escola Superior de Guerra returned from their visit to the United States. Colonel Renny observed that he had received some 30 calls from members of the group expressing appreciation and enthusiasm over their treatment and the program itself. Colonel Renny noted particularly that they had been impressed with the SAC and NORAD operations. General Bell and Colonel Renny suggested the advisability of including the SAC operation in programs of important civilian visitors to the United States such as deputies or governors.

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3. Publicity on Social Developments Program:

Minister Saccio gave a brief outline of President Eisenhower's social development program and plans which have been drawn up to date to implement it. He observed that the operation has two phases so far as the Embassy is concerned: (1) obtaining a maximum of publicity and (2) preparing suggested projects for submission to Washington. He said that the JBUSMC and the other U.S. establishments in Brazil would be called upon in the near future to contribute to the publicity phase in accordance with the Department's instructions and suggested that JBUSMC might be thinking in terms of projects which the military could carry out which would fit into the program. General Bell noted that the Brazilian Armed Forces carries out a number of projects along the lines of the President's program, perhaps more than most other Latin American armies, and that he will give attention to the possibility of additional projects.

4. The Evaluation Team Report:

General Bell reported that JBUSMC has not yet received a copy of the Evaluation Team report but that he and Colonel Renny have had the opportunity to read a copy furnished by the Embassy. Minister Saccio discussed the nature of the reply which would have to be made to the report and urged that action be taken as soon as possible to preparing the reply. He observed that we should state our reservations, of which we have many, as early as possible. The Ambassador stated that he has read the report and believes that most matters discussed are of relatively minor importance and regarding matters of importance, we are in almost all cases in agreement and are trying to do as much as possible in the circumstances. It was agreed that a working group would be set up consisting of Mr. Herder, Deputy Director of USOM; Mr. Raine, Political Counselor and Colonel Renny, Secretary of JBUSMC, to draft comments on the politico-military phase of the report.

5. Military Assistance Program and Internal Security:

General Bell stated that he had seen a copy of the draft instruction, copy of which had been sent to the Embassy, and mentioned several projects in which CINCARIB and JBUSMC are interested which apparently have direct connection with the question under study. Mr. Raine stated in general terms the content of the instruction which in broad terms would call upon the Country Team to evaluate the politico-military situation in Brazil with a view to determining whether present emphasis on build-up against potential external aggression should be changed to give more attention to internal security because of danger resulting from Castroism and other leftist

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activities in the hemisphere. Also to be considered were what other programs might be undertaken to combat threats to internal security.

Colonel Renny discussed the problem in more detail and referred to the CINCARIB message notifying of the establishment of a counter guerilla training course in the United States inquiring whether the Ambassador had any objections to sounding out the Brazilians on this score. The Ambassador stated that he believes strongly that this type of training for Brazilian Armed Forces is of great importance. He pointed to the situation in the Northeast which has potential revolutionary aspects.

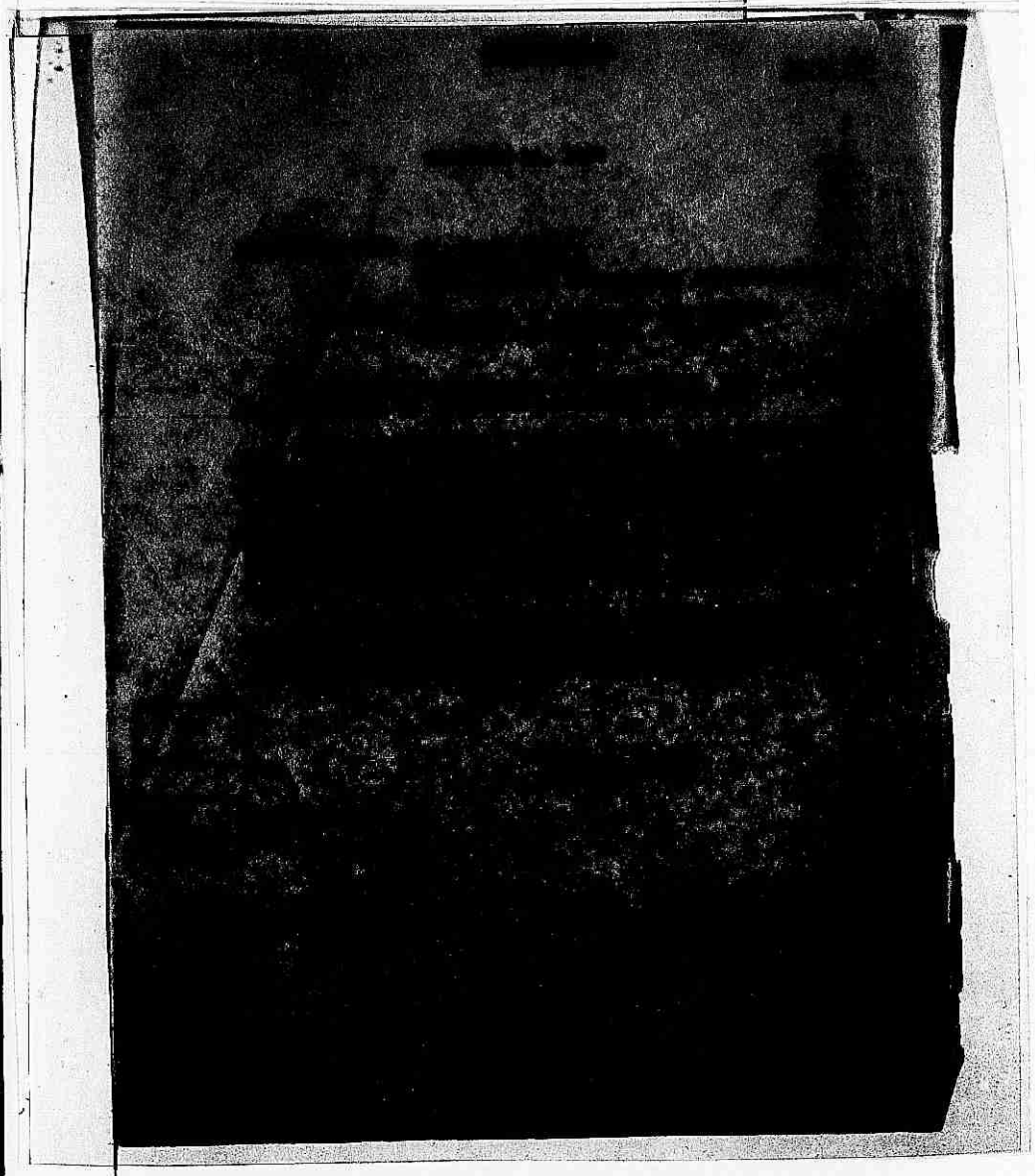
6. Weapons Demonstration:

Colonel Renny mentioned another communication which had been received from CINCARIB regarding the forthcoming weapons demonstration scheduled for Puerto Rico from February 19 to March 2. The purpose of this demonstration, he said, will be to show our Latin American allies the power and might of the United States Armed Forces. The message requested names of ranking officials of the Brazilian Armed Forces who might be invited. General Bell observed that in view of the fact that there would be a change in the Administration before that time and that numerous changes in the Brazilian high command would undoubtedly take place, he proposed to suggest positions rather than names as invitees. These would include the three military ministers, the three service chiefs of staff, and the chief of the armed forces general staff.

7. Visit of Students of the Industrial War College:

Colonel Renny reported that JBUSMC has received a message on another visit by the Industrial War College scheduled to take place next spring. Mr. Bond observed that the Embassy had received a similar instruction and that plans were under consideration.

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BUREAU OF INTERNATIONAL ORGANIZATION AFFAIRS

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1961 MAR 1 AM 10 04

Control: 17405
Rec'd: February 28, 1961 6:38 P.M.

Action IO

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FROM: Rio de Janeiro

MESSAGE CENTER

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AIR
RMR

TO: Secretary of State

NO: 1112, February 28

SENT DEPARTMENT 1112; REPEATED INFORMATION USUN 11

In memorandum to Air Minister ordering number economy measures President Quadros instructed Minister "to examine, consulting Foreign Ministry, usefulness of air force representation in emergency UN force serving at Suez Canal and in Congo, and to propose urgently withdrawal or reduction our participation in measures of international character prescribed (ditadas) by UN."

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See Rio's #1119 3/7/61

FILED APR 28 2 04 PM '61

OFFICE OF UNITED NATIONS POLITICAL AND SECURITY AFFAIRS MAR 1

732.5/2-2861 HBS

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NAME OF OFFICER & OFFICE SYMBOL: IO/UNP Farnsworth	DATE OF ACTION: 3/7/61	DIRECTIONS TO RM/R

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BUREAU OF INTERNATIONAL ORGANIZATION AFFAIRS

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1961 MAR 8 PM 12 32

MESSAGE CENTER

Control: 4564
Rec'd: March 7, 1961 6:14 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1159, March 7, 3 p.m.

SENT DEPARTMENT 1159, REPEATED INFORMATION USUN 14

EMBTEL 1112.

President has informed Foreign Minister in memo published March 5 "(1) government has not considered abolishing Brazilian representation Suez, whose expenses, as is natural, are met by UN; (2) Memorandum Number 4 (reference telegram) concerns only Air Ministry and obviously refers only to duties for which National Treasury responsible."

Brazilian Air Force participation UN Suez operation believed limited to one C-54 monthly providing logistic support.

CABOT

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OFFICE OF UNITED NATIONS POLITICAL AND SECURITY AFFAIRS MAR 8 - 1961

732.5/3-761 HBS

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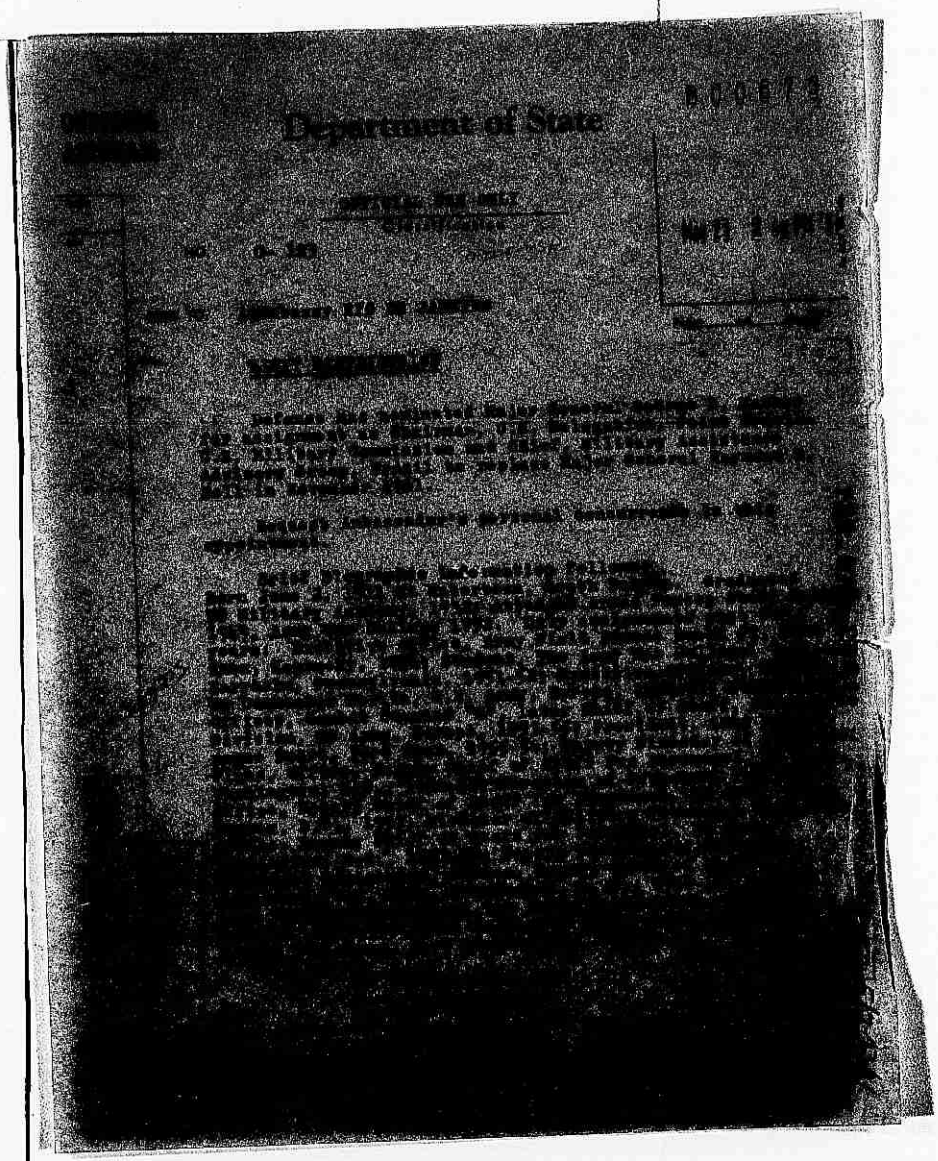
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Department of State

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Control: 19533
Rec'd: March 29, 1961
3:49 p.m.

001

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1294, March 29, 1 p.m.

LIMIT DISTRIBUTION

G-123

Agree to appointment Major General George Mather as Chairman US Delegation, joint Brazil-US Military Commission, and Chief, Military Assistance Advisory Group.

CABOT

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732.5/3-2961 HBS

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Jun 19 4 57 PM '61

3-29-61 RMR File
Date Jun 7. DoD - 3/30/61
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INCOMING TELEGRAM *Department of State*

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CONFIDENTIAL

Control: 2105
Rec'd: Sept 4 1961
4:25 PM

FROM: ATTACHES AMEMBASSY BRAZIL

TO: Secretary of State

NO: 312100Z, AUGUST

RM/R OFFICIAL COPY

ACTION CNO, HQUSAF, DEPTAR, INFORMATION 1127 FAG, CINCLANT, CINCLAFLT, COMFIFTEEN, COMTEN, COMSOLANT, CHNAVMIS BRAZIL, CINCARIB, CGUSARCARIB, CAIRC ALBROOK AFB, STATE DEPARTMENT, WHITE HOUSE

USAF FOR AFCIN. DEPTAR FOR ACSI.
J-40. THIS IS A JOINT ARMY NAVY AND AIR ATTACHE MESSAGE. THIS MESSAGE IN 7 PARTS. PART 1. REOUR J-29 AND J-31 FOLLOWING ADDITIONAL INFORMATION RECEIVED FROM BAF SOURCE, EVALUATION B-2: WHEN MACHADO LOPES AND PASSOS MET ON 29 AUG, MACHADO STATED WOULD NOT SUPPORT DENYS. WHEN ASKED STATE HIS INTENTIONS PASSOS REQUESTED FEW HOURS TO THINK IT OVER. UPON RETURN TO AIR ZONE HEADQUARTERS HE GAVE ORDER TO MOVE ALL METEOR F-8 AIRCRAFT TO (UNCERTAIN) SAO PAULO OR SANTA CRUZ. 350 SERGEANTS REFUSED OBEY ORDER AND DEMOBLIZED AIRCRAFT BY DEFLATING TIRES AND POSSIBLY BY OTHER MEANS. THEN INCREDIBLE AS IT SEEMS PASSOS THEN APPEALED MACHADO FOR HELP. MACHADO SENT TROOPS RESTORE ORDER AT AIR BASE AND ALLOWED FLYAWAY OF THOSE AIRCRAFT AND PILOTS WHO WANTED TO LEAVE. SEVEN AIRCRAFT EVACUATED. CONDITION OF OTHER AIRCRAFT NOT KNOWN.

PART 2: MACHADO STATED TO PASSOS HE CONTROLLED RIO GRANDE DO SUL, PARANA, AND SANTA CATARINA AND HAD PROMISE SECOND ARMY WOULD SUPPORT HIM.

PART 3: SOURCE STATED A GROUP OF PILOTS AT SANTA CRUZ AIR BASE HAD BEEN ARRESTED BECAUSE REFUSED TO TAKE POSITION SUPPORT DENYS. ANOTHER SOURCE CLOSELY ALLIED WITH FIRST SOURCE STATED LATE 29 AUG THESE WERE 8 METEOR PILOTS WHO WERE BEING HELD MANGUINHOS SUPPLY DEPOT RIO.

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INCOMING TELEGRAM (45) Department of State ACTION COPY PERMANENT RECORD COPY

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Control: 1782
Rec'd: SEP 3, 1964

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FROM: ATTACHES AMEMBASSY BRAZIL
TO: Secretary of State
NO: J-43 DTG 021400Z SEPTEMBER (JOINT SERVICES MESSAGE)

AC: 3:22 AM
INFO:
RM/R FILES

PRIORITY

ACTION CNO, HQ USAF, DEPTAR; INFORMATION 1127 FAD, CINCLANT, CINCLANTFLT, COMFIFTEEN, COMTEN, COMSOLANT, CHNAVMIS BRAZIL, CINCARIB, CGUSARCARIB, CAIRC, WHITE HOUSE, STATE DEPARTMENT

USAF FOR AFCIN

DEPTAR FOR ACSI

THIS IS A JOINT ARMY NAVY AIR FORCE MESSAGE.

THIS MESSAGE IN 4 PARTS.

PART 1. PRESS REPORTS DENYS SUFFERING FROM SLIGHT CARDIOVASCULAR DISTURBANCE. SECOND LIGHT INFANTRY BATALLION REFUSED CARRY OUT MOVEMENT ORDER TO REGISTRO ON HIGHWAY BR-2 BETWEEN SAO PAULO AND CURITIBA TO PROTECT LINE OF COMMUNICATIONS. COLONEL CRESO BATTALION CO ARRESTED. MILITARY SOURCE INDICATES MILITARY REALIZES SERIOUS MISTAKE OF NO PSYCHOLOGICAL WARFARE EFFORT ON THEIR PART.

PART 2. RELIABLE MILITARY SOURCES REPORT AIR AND NAVY UNITED ON OPERATIONS AIRCRAFT ABOARD MINAS GERAIS. AIR FORCE UNIT ABOARD MINAS GERAIS OPERATING AT SEA. PLAN FOR AIRCRAFT TO BOARD MINAS GERAIS NEXT 48 HOURS. DETAILS FOLLOW.

PART 3. PRESS REPORTS GENERAL MACHADO LOPES STATES THIRD ARMY AREA UNDER CONTROL. HE DOES NOT BELIEVE FIRST AND SECOND ARMY WILL ATTACK THIRD ARMY. HE STATES THERE IS BUT ONE SOLUTION, THE LEGAL

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FOREIGN SERVICE DESPATCH

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FROM : Amconsul SANTOS, Brazil

NO. 18

SEP 8 1961

TO : THE DEPARTMENT OF STATE, WASHINGTON.

September 3, 1961
DATE

REF : -----

7-ltr. to agency
F87/B: J.W.Anderson - lmw
9-19-61

20 For Dept. Use Only	ACTION	ARA-4	INFO	DEP	RM/R 2	REF	AF	ARA	EUR	FE	NEA	CU	INR 7	E	P	IO	ICA
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		REC'D 9-14-61			AIR 6	ARMY 4	CIA 10	NAVY 4	OSD 5	OCB	USIA 10	NSA 4					

SUBJECT: Mutiny of Local Army Detachment

On August 31 a number of the local Brazilian Army detachments under the orders of Brigadier General Amangá Liberato de Castro MENEZES, the senior military officer in the Santos consular district (who commands the anti-aircraft artillery of the II Military Region), began moving south along the coast toward the Parana border. When questioned by newspaper reporters, General Amangá denied that the troops under his command, part of the Brazilian II Army, were to be used to fight against the III Army, but that some of them were being deployed only to guard roads and bridges in the southeast portion of the State of Sao Paulo during the current political crisis.

However, early in the morning of September 1 the 2nd Battalion of Caçadores, garrisoned in São Vicente and commanded by Lt. Colonel Creso Moutinho da COSTA, refused to obey orders for a rifle platoon from the battalion to take up position along the new BR-2 highway to Curitiba. After lengthy conferences with his officers and men, on the afternoon of September 1 Lt. Colonel Creso, after already having informed General Amanga, made a public statement which ended with the words: "My men will not leave their barracks to take up arms. We will stay here to keep the peace in Santos and São Vicente.... The doors of the 2nd Battalion are open to all our fellow soldiers who share our beliefs". Reportedly, all the officers of the 2nd Battalion supported their commanding officer in his resolve "not to carry out a mission against our brothers who are ready to defend the Constitution".

General Amangá was shocked at this flat refusal to obey

732.5/9-361

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cc: Amembassy Rio de Janeiro; amconsul Sao Paulo

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
SEP 15 1961

VirgilPRandolphIII/vpr
REPORTER

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NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

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orders. Said he, "During all my life as an officer my rule has been to obey orders from above, even when they do not follow my own way of thinking. I fought in the 1932 revolution against the paulistas because it was my military duty. At the bottom of my heart I carried the same constitutionalist banner as my brothers in Sao Paulo. I am surprised at Lt. Colonel Creso's position.... That insubordination cannot be allowed to happen out of a clear sky. He deserves an exemplary punishment".

Later on in the afternoon of September 1 Lt. Colonel Creso was ordered to report to II Army headquarters in São Paulo for removal and possible disciplinary action. After his departure from Sao Vicente his "officers, warrant officers and sergeants" issued a communique reaffirming their "most unrestricted solidarity" with their ex-commanding officer.

About midnight a group of Santos City Councilmen visited the 2nd Battalion's barracks in São Vicente to express their full support for Lt. Colonel Creso's insubordination, declaring, "The whole city received with admiration the magnificent act of this battalion". Prior to this the Santos City Council unanimously went on record to acknowledge "the deep pleasure of this Legislative Body for the unflinching attitude of the fearless soldier and his brave troops.... who will not use their arms against their brother defenders of the inviolability of the Constitution of the Republic and so put themselves squarely amidst the already victorious ranks of Legality". On September 2 the São Vicente City Council likewise adopted a similar resolution of support for the mutinous detachment.

The Santos communists were equally vociferous in support of the 2nd Battalion. Several communist labor leaders accompanied the Santos City Councillors to visit the 2nd Battalion the night of September 1, and on September 2 the communist-front "Santos Nucleus of the Brazilian Nationalist Movement" (see Consulate's despatch No. 3 of July 11, 1961) issued a statement signed by its communist Secretary General Frederico José AFLALO which read in part: "We congratulate the officers and men of the 2nd Battalion of Caçadores, who knew how to place their constitutional duty and democratic institutions above the absurd orders of their ill-advised or coup-inclined superiors".

On September 2 Colonel Raimundo Netto CORREA, who until about only a month ago commanded the 2nd Battalion, was reinstated as commanding officer in place of Lt. Colonel Creso Moutinho da Costa. No punishment seems to have been meted out as yet to the insubordinate Army unit, which apparently continues on its routine duties in São Vicente and in Cubatão.

COMMENT:

This small incident illustrates the conflicting loyalties

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engendered by Brazil's current constitutional crisis, as well as the state of military discipline prevailing in the Brazilian Army.

Virgil P. Randolph, III
Virgil P. Randolph, III
American Consul

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RG: 059 TAB #: 9

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Document Date: 04/09/61

Document Ser.#:

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CONFIDENTIAL

Control: 2205
Rec'd: SEPT 5, 1961 2:51 AM

FROM: USAIRA ALUSNA RIO DE JANEIRO

TO: Secretary of State

NO: J-49, 0418Z03 SEPTEMBER

PRIORITY

ACTION CNO, HQ USAF, DA, INFORMATION 1127FAG, CINCLANT, CINCLANTFLT, COMFIFTEEN, COMTEN, COMSOLANT, CHNAVMIS BRAZIL, CINCARIB, COUSARCARIB, CAIRC ALBROOK AFB, WHITE HOUSE AND STATE DEPARTMENT.

HQ USAF FOR AFCIN; DA FOR ACSI

THIS IS A JOINT ARMY, NAVY AND AIR FORCE ATTACHE MESSAGE IN 7 PARTS.

PART 1.

RELIABLE MILITARY AND OTHER SOURCES REPORT MILITARY MINISTERS MET ALL DAY SESSION 3 SEPTEMBER AND ISSUED MANIFESTO MILITARY WILL SUPPORT AMENDMENT TO CONSTITUTION. MANIFESTO STATES THAT ANY FUTURE DISTURBANCES WILL NOT BE THE RESPONSIBILITY OF THE MILITARY, MOVEMENTS OF UNITS MERELY PART OF SHOW OF FORCE. GENERAL GALHARDO COMMANDING GENERAL 5TH INFANTRY DIVISION TRYING TO STRENGTHEN CONTROL OF HIS COMMAND TO COUNTER ANTI-GOULART MILITARY GROUP. MILITARY MINISTERS MAY CONTINUE AS MEMBERS OF CABINET UNLESS THEY RESIGN.

PART 2.

PRESS REPORTS INDICATES SPECIAL FEDERAL COMMISSION RECOMMENDS CONGRESS PASS BILL TO GRANT AMNESTY TO ALL WHO PARTICIPATED IN CRISIS BASED ON FACT ALL WERE FIGHTING FOR CONSTITUTION.

(3) CONFIDENTIAL PART 3

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45-48 — CONFIDENTIAL — NUMBERED — Control: 1951 — Rec'd: SEPT 4, 1964 10 4:19 AM

Action: ARA

Info: SS G SP L H SO SAL F USIA SCA INR RMR

FROM: ATTACHES AMEMBASSY BRAZIL

TO: Secretary of State

NO: J-44, DTG 021542 SEPTEMBER (JOINT SERVICES MESSAGE)

PRIORITY

ACTION CNO, HQUSAF, DEPTAR, INFORMATION 1127 FAG, CINCLANT, CINCLANTFLT, COMFIFTEEN, COMTEN, COMSOLANT, CHNAVMIS BRAZIL, CINCARIB, CGUSARCARIB, CAIRC, WHITE HOUSE, DEPARTMENT OF STATE

USAF FOR AFCIN.

DEPTAR FOR ACSI.

THIS IS A JOINT ARMY NAVY AIR FORCE MESSAGE.

THIS MESSAGE IN 6 PARTS.

REF PART 2 OUR J-43. FOLLOWING FROM RELIABLE BAF SOURCE EVAL B-2.

PART 1. BAF AND NAVY PLAN FLY 52-F SQUADRON FROM SANTA CRUZ TO ABOARD MINAS GERAIS 4 OR 5 SEP. ACTION PLANNED TO GET ALL POSSIBLE NAVY FORCES AND S2F AT SEA BECAUSE BAF AND NAVY UNCERTAIN ARMY ACTIONS IN CHANGING POLITICAL SITUATION. MOVE INTENDED RETAIN CAPABILITY NAVY AND AIR FORCE ACTION WITHOUT ARMY SUPPORT. SOURCE STATES THERE ARE UNIT COMMANDERS IN NAVY AND BAF WHO WANT TO USE ARMS AGAINST GOULART WHETHER THEIR MINISTERS CONCUR OR NOT AND ARE FANATIC ENOUGH TO DO SO. HOWEVER HE INDICATES MANY OFFICERS UNDER THESE COMMANDERS HAVE LOST HEART FOR FIGHT AGAINST CONSTITUTION WITHOUT POPULAR SUPPORT.

PART 2. 7 BAF OFFICERS WILL BOARD MINAS NOW AT SEA THIS MORNING BY HELICOPTER FROM RIO. THEY ARE 5 OFFICERS OF AIR DEPT ABOARD MINAS PLUS S2F GROUP CO AND EXEC. CO AND EXEC WILL RETURN RIO TONIGHT AND PROCEED SANTA CRUZ TO GET AIR GROUP READY TO BOARD

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INCOMING TELEGRAM *Department of State*

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Control: 1481
Rec'd: SEPTEMBER 2, 1961
3:07 p.m.

FROM: ATTACHE AMERICAN EMBASSY BRAZIL

TO: Secretary of State

NO: J-51, 116102 SEPTEMBER (ATTACHE MESSAGE)

PRIORITY

ACTION CNO HQ USAF FOR AFCIN ACSI DA INFORMATION 127 FAG CINCLANT CINCLANTFLT COMFIFTEEN COMTEN COMSOLANT CHNAVMIS BRAZIL CINCLARIV CGUSARCARIB CAIRC WHITE HOUSE AND DEPARTMENT STATE.

THIS MESSAGE IN 6 PARTS.

RMR

FOLLOWING IS SUMMARY OF MAJOR DEVELOPMENTS NOT PREVIOUSLY REPORTED 31 AUGUST.

PART 1:

CONGRESS VOTED ALMOST UNANIMOUSLY A RESOLUTION RECOGNIZING GOULART RIGHT TO PRESIDENCY AND FOR ADOPTION OF PARLIMENTARY SYSTEM OF GOVERNMENT WHICH WOULD LIMIT PRESIDENTS POWER. CONGRESS IS MEETING TODAY TO WORK OUT DETAILS OF A CONSTITUTIONAL AMENDMENT FOR THIS PURPOSE.

PART 2:

SECOND ARMY COMMANDER ISSUED A COMMUNIQUE STATING MILITARY MINISTERS WILL ACCEPT WHATEVER SOLUTION CONGRESS COMES UP WITH.

PART 3:

GOVERNOR BRIZOLA, RIO GRANDE DO SUL, ASKED BRAZILIANS TO JOIN RANKS IN DEFENSE OF LEGALITY AND DEMOCRATIC REGIME. STATED ATTITUDE IS NOT OF REVOLUTION BUT OF RESISTANCE FOR PRESERVATION OF LEGAL ORDER. COMMANDER THIRD ARMY RECONFIRMS HE WILL NOT ACCEPT SOLUTION WHICH KEEPS GOULART OUT OF OFFICE.

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XR 732.001

FOREIGN SERVICE DESPATCH

FROM : Amconsulate PÔRTO ALEGRE — NO. 24

TO : THE DEPARTMENT OF STATE, WASHINGTON. — DATE: October 26, 1961

REF : file. No action required. ESTI/DI/Willmuth. Line 11-6-61

OCT 27 1961

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	REC'D 11-2-61			AIR 6	ARMY 4	CIA 11	NAVY 4	OSD 5	OCB	USIA 10	NOV 7 1961				

SUBJECT: Significant Remarks by New 3rd Army and 5th Air Zone Commanders

On October 23 the 5th Air Zone held impressive ceremonies commemorating Aviator's Day, and on October 26 General Nestor Penha Brasil formally assumed command of the 3rd Army.

Brigadier Adamastor Cantalici, the new 5th Air Zone Commander after making the usual tributes to the history and accomplishments of Brazilian aviation including the present services rendered by the National Air Mail and the Search and Rescue Service, stressed the importance of discipline. In doing this he referred obviously to reports during the late crisis that enlisted personnel and non-commissioned officers attempted to interfere with the flight operations of their superiors. In stern tones the Brigadier made it clear that he would tolerate no indiscipline and condemned the quasi-political activities which had disturbed the Zone command. A free translation of the more significant portions of his address is enclosed (Enclosure 1).

On assuming command of the 3rd Army, General Nestor Penha Brasil, after the customary courtesies and generalities spoke out strongly for the democratic countries where the state serves the individual and assures him of his inherent rights to liberty and human dignity. Then he made a strong declaration against the communist bloc countries where the state exploits the individual and uses devious and pernicious methods to obtain its strategic ends. He warned against the efforts of agents of these countries to stir up discord and weaken Brazil. General Penha Brasil's forthright stand is all the more significant here and now because of the current exchange between Governor Brizola and the Archbishop over the latter's recent denunciation of communist favoritism in RGS state government circles (reference Consulate's despatches nº17 of Oct. 10; nº 21 of Oct. 13, and

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nº 23 of Oct. 24, 1961). A free translation of this portion of his remarks is enclosed (enclosure 2).

By invitation the Principal Officer attended both these affairs along with other Consular corps members and the civilian authorities. There was an especially large turnout for the 3rd Army ceremony. The Principal Officer was received in a most friendly manner on both occasions. General Penha Brasil was particularly cordial.

Percy Warner
American Consul

Encl.: 2 translations as noted.

cc.: Amembassy Rio (with enclosures)

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Page ____ of
Desp. No. ____
From ____

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(Classification)

Page 1 of
Encl. No. 1
Desp. No. 24
From PORTO ALEGRE

"Fôlha da Tarde"
Oct. 23,1961

Free translation of excerpts from Brigadier Cantalici's speech, on October 23, 1961.

"Brigadier Condemns Frustated Politicians who are Agitating the Military"

"... In examining our consciences, we will conclude that all moral and material inheritance that the Nation has entrusted to us can be lost, to our shame and that of our sons, if we are not united and perfectly integrated in the spirit of discipline, respectful to our superiors, dedicated in our work, and in compliance with military duty.

We must not permit personal disagreements to separate us. Let us avoid the harmless fights, out of which we can only come weakened and consequently an easy mark for those who preach the conflict to put us in the dark of a dictatorship or in the situation of men that will only be able to act in conformity with orders from Moscow and its puppets.

Let us try, on all occasions, to substitute reason for emotion, so that mistakes and distrusts will not assail us and set us against each other. Let us cultivate obedience, because only by obeying do we learn to command. Let us be modest but efficient members of a disciplined Air Force, united and, above all, highly regarded by the Brazilian people, as an indispensable support of Brazilian military power.

I feel that throughout our crisis--which, by the way, is now already proving a burden to the Brazilian people who want order for the work without which it will be impossible to avoid the economic chaos that threatens us--there was the activity of some frustated politicians who turned to the Armed Forces in order to entangle them in a net of agitations serving their interests which sometimes are opposed to the true interests of the Country. As General Gois Monteiro used to say: "The eternal profiteers of national and international equivocation are the ones who, in a division of the Armed Forces find the climate they need to satisfy their appetites and their ambitions. If the soldier, the sailor, and the airman understand that the poison given them comes from this source, they will be able to refuse this venom that has caused so much damage to the Armed Forces and to Brazil, on the one hand preventing these same Forces to constitute, as they should, the guarantee of national security, and, on the other, demoralizing them by perverting the functions inherent in them."

Indiscipline, either of the individual or of a group has its own correctives, but as discipline is the basis of armed organizations,

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sworn to in obedience to the law, when it is affected by civilian disobedience there is no possible solution.

In concluding I wish to express the trust I put in the good-sense, intelligence and conviction of my command, which will know how to conduct itself with loyalty to their superiors and dedication to the service in compliance with regulations in order to merit the respect and consideration due them by rank.

ZMS/PW/zms

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Page ____ of
Desp. No. ____
From ____

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(Classification)

Page 1 of
Encl. No. 2
Desp. No. 24
From PORTO ALEGRE

"Correio do Povo"
October 26,1961

Free translation of excerpts from Gen. Penha Brasil's speech, on Oct. 25, 1961.

"... We are living in a world dominated by tension and divided by antagonistic ideologies. On one side the democratic countries, with independence and sovereignty for the solution of their own problems, and where the state serves the individual and asserts the inherent rights of liberty and human dignity. The social and economic development which these countries try to attain, is intended for the well-being of the people, and scientific and technical work for the benefit of humanity. On the other side a bloc of communist nations, apparently united and indissoluble, eager for the expansion of an ideology and for world hegemony, and where the state exploits the individual in a materialistic conception of life, anesthetizing people with dangerous propaganda destined to ends which they cannot confess, submitting people to infamous slavery to obtain their victories, and suited psycologically to their strategic ends...

...Its agents, constituted of national elements without love for Brazil, or of individuals specially trained abroad, try to create dissension among us and weaken our country. Their surreptitious actions have the purpose of dividing the Armed Forces and of weakening constitutional powers, in order to achieve by subterfuge or any other treasonable means their dangerous objectives of obtaining the submission and enslavement of the people..."

ZMS/PW/zms

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W I T H D R A W A L N O T I C E

RG: 059

ENTRY: CDF60-63

TAB #: 10

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The item identified below has been withdrawn from this file:

Folder Title: 732.5/12-2661

Document Date: 26/12/61

Document Ser.#:

DESP 524 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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NND: 949515

WITHDRAWN: 02/24/95 by: JAS

FOIA RETRIEVAL #: 949515 01584 00010

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ACTION
is assigned to
ARA

ESMD

FILE

Nº 87

Action transferred AID/O/LA - Mr. Dawson
per ARA:EST/B - Mr. Crane 3/21/62
Copy of note sent to AID

The Brazilian Embassy presents its compliments to the Department of State and with reference to conversations held some time ago would be most grateful if the Department of State would see its way to obtain an early and favorable decision on the request made by the Brazilian Naval Authorities on the following matter:

2. In collaboration with the "Escola Politécnica de São Paulo" the Brazilian Navy has established a course on naval engineering in order to prepare engineers for the shipbuilding industry.

3. Since 1958 the Naval Engineering Course has had the full support of Point IV and succeeding Programs through which two specialized instructors are maintained in its teaching staff, one for Maritime Machinery and the second for Naval Architecture. The assignments in question are due to terminate in the near future.

4. In order for the Brazilian Navy to be able to carry out its program of naval engineering and establish a post-graduate course in this field, it is highly desirous of obtaining:

a) An extension of the assignment of the instructor in Naval Architecture from June 1963 to June 1965;

b) An extension of the assignment of the instructor in Maritime Machinery from June 1962 to June 1965;

(2) 3-15-62

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c) The appointment of an instructor in Naval Architecture specialized in Hydrodynamics for the period of 1963-1965.

5. The Brazilian Embassy avails itself of the opportunity to present to the Department of State its anticipated thanks for the Department's kind attention in this matter.

Washington, D.C., March 14th, 1962.

CFLL/clg.

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INCOMING TELEGRAM

Department of State

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Control: 9785
Rec'd: March 15, 1962
12:53 AM

FROM: Rio de Janeiro

TO: Secretary of State

NO: 2096, March 14, 9 p.m.

DEPARTMENT PASS CINCARIB AND DEFENSE

Re Department Circular telegram 1505

No objection program outlined reference telegram.

GORDON

CJ/1

Note: Passed to CINCARIB, Poland. 3/14/62.

RIO 2096

732.5811/3-1462

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ACTION ASSIGNED TO: G/PM	ACTION TAKEN: Notified Defense Dept. No further action
NAME OF OFFICER & OFFICE SYMBOL: Moses G/PM	DATE OF ACTION: 15 Mar 62
DIRECTIONS TO RM/R: File	

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INCOMING TELEGRAM *Department of State*

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Control: 7626
Rec'd: April 12, 1962
6:35 AM

FROM: Rio de Janeiro

TO: Secretary of State

NO: 2420, April 11, 6 p.m.

DEPARTMENT PASS POLAD CINCARIB AND POLAD CINCLANT FOR INFORMATION.

PASS DEFENSE

Re CW-7538

LEGAL ADVISER
APR 12 1962
DEPARTMENT OF STATE

Draft note re internal security assistance arrangements presented Minister Duarte, chief Foreign Office North-Central American Divisions, April 10. Duarte said Foreign Minister Dantas himself would have decide whether exchange notes would be considered amendment existing military assistance agreement and need Congressional ratification. Added that even if answers these questions negative, he personally doubted political advisability such exchange at present time (i.e., in pre-election period). He suggested matter be discussed by Ambassador Gordon and Foreign Minister upon their return Brazil and recommended against US-Brazilian military discussions prior decision on diplomatic level.

BOND

SMD: CJ/1

Note: Relayed to CINCARIB, CINCLANT - 4-12-62.

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DEPARTMENT OF STATE
ASSISTANT SECRETARY

CONFIDENTIAL

TO: The Secretary April 11, 1962

THROUGH: S/S

FROM: ARA - Mr. Martin

SUBJECT: Your Meeting with Brazilian Foreign Minister San Tiago Dantas

For your possible use in your discussions with the Brazilian Foreign Minister on Thursday afternoon I am attaching a recommendation concerning a proposal that we exchange information with the Brazilians on Cuban developments.

I understand that Mr. Hilsman and Mr. Cleveland are providing you directly with background papers for discussions on Angola.

Attachment:

Recommendation that we exchange information with the Brazilians on Cuban developments.

ARA:EST/B:JWilson:am 4/11/62

CONFIDENTIAL

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The Department of State acknowledges the receipt of the Brazilian Embassy's note No. 87 dated March 14, 1962 concerning the extension of the Agency for International Development's projects in Naval Architecture and Maritime Machinery.

The Agency for International Development has decided to allow these two programs to terminate as presently scheduled. This decision was reached in view of the limited resources available to the Agency for International Development for technical assistance in Brazil and because of the conviction of the Government of the United States, which is shared, it is believed, by the Government of Brazil, that an effective execution of the Alliance for Progress necessitates a concentration of available resources in those economic sectors where the greatest results can be achieved.

As presently planned the Naval Marine Machinery Project with the University of São Paulo will expire December 31, 1962. The Naval Architect Project will continue through September, 1963, after which, it is the Agency's understanding, the University of São Paulo

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AID:LA/B:HPDawson
ARA:EST/B:JWWilson

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São Paulo will have enough sufficiently trained technicians to continue these projects without further United States assistance.

The Department of State is hopeful that the Brazilian Embassy will appreciate the reasons making this decision necessary.

Department of State,

Washington, April 26 1962

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APR 25 1962

AID:LA/B:HFDavis 4/23/62
ARA:ESX/B:JWWilson 4/24/62

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RM/RN- Files

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FORM DS-4
1-5-55

TRANSMITTAL SLIP

CLASSIFICATION: **UNCLASSIFIED**

DATE

TO: **American Embassy, Rio de Janeiro, Brazil** — For the Attention of

FROM: **Department of State, Washington, D. C.**

TO THE FOREIGN SERVICE	TO THE DEPARTMENT
☐ For Transmittal to Addressee at the Discretion of Post	☐ Dept. Information Only
☐ Post Information Only	☐ CERP Publications
☐ Transmit to Foreign Office	☐ Enclosure to Previous Despatch
☐ Submit Report	☐ Reply to Dept. Request
☐ Reply to the Individual	

☐ Transmit to: ☐ Inform: *(U.S. Agency)*

REFERENCE

ITEMS/REMARKS

There is enclosed a copy of the Department's note, today's date, to the Brazilian Embassy concerning the extension of the AID's projects in Naval Architecture and Maritime Machinery.

IN REPLY REFER TO FILE NUMBER AND DRAFTING OFFICE

FILE NO.	SIGNATURE **J.W. Wilson** **Officer in Charge, Brazilian Affairs**
CLASSIFICATION **UNCLASSIFIED**	OFFICE **OFFICE of EAST COAST AFFAIRS**

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Control: 6820
Rec'd: May 10, 1962
12:23 AM

FROM: Rio-de-Janeiro

TO: Secretary of State

NO: 2637, May 9, 5 p.m.

DEPARTMENT PASS POLAD CINCARIB AND POLAD CINCLANT FOR INFORMATION

EMBTEL 2420.

Embassy shares reservations (noted in reference telegram) expressed by Minister Duorte re wisdom exchanging notes re internal security assistance arrangements in pre-electoral period and therefore has not pursued matter further with Foreign Office. Chief MAAG exploring with Brazilian colleagues JBUSMC possibility establishing basis for internal security assistance through exchange secret notes in strictly military sector. Initial reaction Brazilian military favorable. If Brazilians should decide service-to-service agreement not feasible, or if in Department's view such agreement would not meet legal or other requirements Embassy recommends matter be dropped until after Brazilian elections.

GORDON

DMJ

NOTE: RELAYED TO: POLAD CINCARIB AND POLAD CINCLANT, 8-9-62, EH.

Rio-2430

732.5 5/1-962

Copy # 142

LEGAL ADVISER
MAY 10 1962
DEPARTMENT OF STATE

Reply drafted 5/14/62 AID:PPA:PPAS 6054

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Copy # 143 Pentagon, DOD

OUTGOING TELEGRAM Department of State

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ACTION: Ambassador RIO DE JANEIRO 3314

INFO: POLAD CINCLANT

While Dept appreciates Rio's assessment re probable reaction GOB to embargo notes in pre-electoral period, large part equipment programmed in FY 1962 for Brazilian armed forces intended for internal security purposes. No deliveries can be effected this equipment until GOB furnishes assurances required by US legislation, or President waives such requirements. Following is statement legal problem necessitating embargo notes:

1. Provision equipment pursuant to second paragraph, Article I, MAP Agreement, requires equipment go to units specified auxiliary military plan. Plan states these units are to perform local security defense missions, which do not support not include mission maintaining internal security.

2. Proposed embargo notes would remove applicability second sentence, Article I, and of Article 2, to internal security equipment, but note such equipment subject all other terms MAP Agreement. Terms MAP Agreement containing applicable internal security equipment would include GOB commitments required section 505(a) Foreign Assistance Act unless President specifically waives requirements for such commitments.

3. Assuming auxiliary military plan or embargo notes acted upon in

(2)

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military sector to establish internal security as mission, as proposed by Emb, would not preclude requirement for exchange notes because second sentence, Article 1, implies, if it does not state, that U.S. equipment furnished pursuant thereto is for collective defense, not repeat not internal security purposes (note reference to Rio Treaty).

Dept would hope GOB would agree exchange notes in order provide clear legal basis for furnishing Brazilian Armed Forces equipment they require for maintenance internal security. Provision such assistance would be consistent with Resolution I, 8th OAS Meeting Consultation.

However, if it is Emb considered judgment that approach to Fernoff would generate type political problem for GOB that would place existing MAP Agreement in jeopardy through demand for renegotiation or would indicate congressional ratification of exchange notes required, Emb requested cable this judgment to Dept so that consideration may be given initiation request to President that he waive section 506(a) requirements Foreign Assistance Act for FY 1962 Brazilian internal security program. Waiver would preclude need GOB commitments normally required and obtained from foreign governments prior to furnishing them internal security assistance.

END

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FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 2887, JUNE 8, 3 PM

RIO 2887

GOVERNOR LACERDA TOLD ME ON EVE DEPARTURE ARAZA MEETING MOST STATE GOVERNORS (APPARENTLY CARGALHO PINTO AND CID SAMPAIO NOW REFUSING ATTEND) THAT UDN GOVERNORS AND OTHER LEADERS, WITH CONCURRENCE KUBITSCHEK, ARE NOW SOLIDLY URGING ON GOULART DESIGNATION AS PRIME MINISTER EITHER JURACY MAGALHAES OR MARSHAL LOTT. LACERDA MADE PEACE WITH LOTT A FEW DAYS AGO. REMAINS OPEN QUESTION WHETHER GOULART DISPOSED ACCEPT.

LACERDA SAID THAT AT TIME GOULART'S RETURN FROM US, MILITARY FORCES PREPARED ENDORSE CONSTITUTIONAL REVISION GIVE PRESIDENT MORE POWER SUBJECT ONLY CONGRESSIONAL RIGHT OVERTHROW INDIVIDUAL MINISTERS. THIS WAS ORIGINAL IDEA MAGALHAES PINTO IN CALLING MEETING GOVERNORS. EVENTS LATE APRIL AND MAY, HOWEVER, RAISED DOUBTS ABOUT "GIVING GOULART BLANK CHECK WHEN HE MAY WANT TO BREAK BANK". ENDORSEMENT CONSTITUTIONAL CHANGE THEREFORE NOW UNLIKELY AT ARAZA.

LACERDA ALSO COMMENTED ON ARMY SITUATION, WHICH LOOKED BAD A WEEK OR TWO AGO, WHEN MIN FAILING TO DISCIPLINE GENERAL OSVINO ALVES. BELIEVES POSITION NOW RECOVERED, AND UNDERSTANDS NEW WAR MIN LIKELY BE EITHER JAIR DANTAS RIBEIRO OR NELSON DE MELLO, MORE LIKELY FORMER.

IF STRONG CABINET APPOINTED, LACERDA CONFIDENT COUNTRY CAN GET THROUGH THIS TROUBLED PERIOD SAFELY. IF NOT, HE FORESEES REAL DANGER ATTEMPT AT LEFT WING COUP SIMULTANEOUSLY FROM TOP AND BOTTOM AND CONSEQUENT SERIOUS CIVIL DISTURBANCE.

GORDON

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Control: 11069
Rec'd: JUNE 14, 1962
7:30 PM

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 2950, JUNE 14, 6 PM

ACTION DEPARTMENT 2950, INFORMATION POLAD CINCARIB, UNNUMBERED

RE DEPTEL 3314

EMBASSY CONVINCED FONMIN DANTAS NOT ONLY WOULD HOLD CONGRESSIONAL RATIFICATION REQUIRED FOR EXCHANGE NOTES ON INTERNAL SECURITY ASSISTANCE BUT ALSO WOULD REFUSE CONSIDER EXCHANGE IN SUCH CIRCUMSTANCES.

EMBASSY IN ANY CASE CONTINUES OPPOSE EXCHANGE IN VOLATILE PRE-ELECTORAL PERIOD AND URGES DEPARTMENT CONSIDER REQUEST FOR PRESIDENTIAL WAIVER NOTED REFTEL.

GORDON

DPB/JT/22

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Action ARA

Info SS SR G SP L CAP P IOP INR RMR

Control: 5028
Rec'd: July 7, 1962
9:24 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 74, July 7, 9 p.m.

PRIORITY

LIMIT DISTRIBUTION

EMBTEL 66

Mendes de Morais July 7 informed Embassy he had night before conversed or otherwise communicated with 22 active general officers of Army and had their agreement: (1) he should make speech Monday in Chamber Deputies stating military will guarantee Congress freedom decide political problem with complete independence under constitution, (2) in event Goulart resorts to general strike, Mendes should assume Ministry of War, "with or without decree". Mendes reiterated hope for sympathetic understanding US should he make such move, need for which he said he actively seeking to avoid. A principal effort in this direction is attempt persuade Kubitschek (whose support Mendes said gives Goulart actions to revive presidentialism their main force) now not proper time promote change of regime. Ex-Minister Justice Armando Falcao seeking get Kubitschek change course Mendes said.

Meanwhile Mendes and others passing word to Chamber Deputies it should "make no capitulations".

Mendes said movement he promoting has support those indicated in reference telegram plus Acting War Minister Machado Lopes; General Jair Dantas Ribeiro, Commander Third Army; General Francisco Portugal Director of Remount; and various others whose names he read from list but which

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INCOMING TELEGRAM *Department of State*

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Control: 8934
Rec'd: August 11, 1962
9:04 p.m.

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INFO:
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FROM: Rio de Janeiro

TO: Secretary of State

NO: 364, August 11, 7 p.m.

LIMIT DISTRIBUTION S/S

Reference: Department's Circular telegram 214 August 9 concerning Senator Morse's letter to Secretary of State.

Part I.

No disagreement for conflict here between military mission and myself or Embassy staff on US policy of Embassy guidance. On contrary, mutual understanding, close collaboration, timely guidance, and daily working contacts have resulted in what are considered outstanding results in such recent sensitive problems as termination Fernando do Norbnha agreement, arrangements for continuation radio Rio de Janeiro and the accelerated planning and execution of civic action military assistance in order to mesh closely with our Alliance for Progress efforts in northeast Brazil.

Part II.

Navy mission members only military involved and are conforming completely to provisions Mansfield Amendment. All those now accredited have nothing to do with remuneration from GOB which latter deposits with Treasury U.S.

GORDON

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INCOMING TELEGRAM

Department of State

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Control: 23243
Rec'd: August 29, 1962
7:41 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 500, August 29, 7 p.m.

PRIORITY

POLICY

DEPCIRTEL ~~323~~ 232

In light Brazil's prevailing political tension and economic distress with concomitant election campaign in which ultra-nationalistic elements making most of slogan "Brazilian solutions for Brazilian problems", plus recent Foreign Office policy statement on national sovereignty and principles non-intervention, (EMBTEL 398) Embassy believes Secretary should use extracts from EMBTEL 433 only without attribution and during executive session without release to press. Notwithstanding exemplary record Brazilian armed forces to date, country still not immune military coup d'etat.

GORDON

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Note: Mr. Russell (ARA) notified 8/29/62. CWO-M

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INCOMING TELEGRAM *Department of State*

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Control: 15728
Rec'd: August 21, 1962
12:09 P.M. 001

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FROM: Rio De Janeiro

732.5/8-2062

INFO: RM/R FILES

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TO: Secretary of State

NO: 433, August 20, 8 p.m. (SECTION ONE OF TWO)

PRIORITY

RM/R file

ACTION DEPARTMENT 433, INFORMATION POLAD CINCARIB UNNUMBERED

DEPCIRTEL 230

Embassy comment follows:

Introductory remarks:

Clear distinction should be made between Brazilian armed forces and those most Spanish-American countries. Former are reasonably faithful reflection Brazilian democratic structure even to small body extreme right and far left elements. Army particularly enjoys reputation as guardian of constitution and of institutional and publid order (army being only effective national police force) and is most effective stabilizing force in country. It has almost never in its history been considered extreme rightist or reactionary and today enjoys prestige among people so high that Communists and other leftists are reluctant to attack it.

732.5/8-2062

Comments on specific criticisms follow:

1. Long-standing close US-Brazil military collaboration, particularly during and since World War II, when Brazil not only provided bases and facilties for vital support of the African Campaign but also participated with the Brazilian Expeditionary Forces, the first Brazilian

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fighter group and naval forces, continues to ijistence* Brazilian military along US policies and doctrine. We believe US would gain by closer association with Brazilian Armed Forces.

2. US equipment provided Brazil not considered category prestige items nor has it been used to suppress democratic elements. On contrary, Brazilian military is the nation's most significant anti-Communist element. The only major units in Brazilian Army supported by MAP are one infantry brigade and one airborne infantry brigade of total of 18. One of three fighter squadrons in the Air Force are MAP-supported, and most of the Brazilian Navy Forces are committed to hemispheric anti-submarine war mission. Whereas MAP units could make effective internal security contributions if necessity arose, these MAP-supported forces comprise less than ten percent of the over-all military forces of Brazil. Support these units through MAP and with the presence of US advisors are, however, important in maintaining US military influence in Brazil, the largest and certainly the key country in the Latin American community.

3. Its total military force of approximately 160,000 men for the enormous expanse of Brazil and 70 million population is considered modest by military specialists in comparision to most countries of the world today. Actual expenditures by the War, Navy and Air Ministries accounted for approximately 16 percent of the 1961 national budget, representing less than three percent of Brazil's total available resources.

4. Brazil is leading nation of hemisphere approaching large power status and conscious of need for armed forces commensurate with such status. It would be both counter-productive to US interests and useless to tell Brazilians that money spent for military purposes could better be spent on economic and social project. Neither military nor civilian elements in government would accept such thesis. Recent and planned programs under MAP emphasize civic

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-3- 433, August 20, 8 p.m., from Reio De Janeiro

action and internal security. For example, we are encouraging use of Army Engineer Construction Battalions to assist in northeast development plans and use of air troop transports for civic action and internal security roles and we have withdrawn MAP support from old cruisers and destroyer escorts in the Brazilian Navy and shifted it to Corvettes and other sectors better contributing to economic and social development in inland waterway areas. The Brazilian Armed Forces have traditionally played a significant role in the social and economic development of the country. We hope to inspire them to play an even larger future role. Normal Brazilian Armed Forces activities which directly or indirectly benefit civic areas include among others the following:

GORDON

PMS

*As received. Will service upon request.

NOTE: Mr. Spencer (ARA) notified 8/21/62 CWO-M

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INCOMING TELEGRAM *Department of State*

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Control: 15806
Rec'd: August 21, 1962
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A.M.McLeon

RM/R file

FROM: Rio de Janeiro

TO: Secretary of State

NO: 433, August 20, 8 p.m. (SECTION TWO OF TWO)

PRIORITY

ACTION DEPARTMENT 433, INFORMATION POLAD CINCARIB UNNUMBERED

A. Indoctrination in democratic principles to approximately 40,000 conscripts per year.

B. Due to shortage of skilled personnel, many specialized and technical positions of all levels in the federal and state governments and private enterprise are occupied by armed forces personnel.

C. Meteorological data and service to civil air lines.

D. Navigational aids to civil airports.

E. Instruction and training in literacy and various skills.

F. Road and railroad construction.

G. Food deliveries and medical aid in remote areas.

H. Irrigation canals, well-drilling and dam construction.

I. Colonization.

J. School and hospital construction.

K. School teaching, and instruction of school teachers.

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ACTION ASSIGNED TO	ACTION TAKEN	DIRECTIONS TO RM/R
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	

0788

L. Sanitation and public health assistance.

M. Agricultural assistance.

N. Disaster relief.

O. Collection of Hydrographic and bathythermographic data.

P. Shipyard facilities available to commercial interests.

Q. Development of industrial standards as an aid to industry.

R. Construction of vessels for commercial interest.

S. Search and rescue, salvage services for civil air and merchant marine.

T. Mail delivery to remote areas.

With reference to underlying assumptions:

A. Brazil has legitimate hemisphere combat mission.

B. Not applicable to Brazil.

C. Not applicable to Brazil.

D. Not applicable to Brazil. See item 4.

E. Brazilian army is anti-communist in orientation but not right wing. We believe US security interest could be jeopardized by severely limiting military assistance to Brazil as long AS MILITARY AID BEING GIVEN IN CONSIDERABLE AMOUNTS TO OTHER COUNTRIES OF WORLD. Severe cut in military assistance would tend to weaken our ties with armed forces which predominantly pro-US.

0789

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-3- 422, August 20, 8 p.m. (SECTION TWO OF TWO) from Rio de Janeiro

F. Restrictive US arms policy would not promote reduction in military expenditures (see item 4 above) but would rather tend to divert funds from economic development to maintaining strength of armed forces to replace cut in US aid. US public image, as indicated above, would not benefit by disassociating US aid from Brazilian military.

Our conclusion therefore is that more restrictive grant and sales policy would without doubt result in loss for US foreign policy objectives in Brazil. Armed forces here unquestionably strongest barrier against leftist take-over while still preserving democratic character. One aspect Brazilian armed forces which becoming clearer is strength of non-communist reformists (if sometimes strongly nationalist) elements therein. Important encourage this element through continued support armed forces before extreme left convinces Brazilian people their only hope lies in revolutionary procedure.

GORDON

LTR/6

NOTE: Mr. Spencer (ARA) notified 8/21/62 CWO-M

SECRET

0790

AIRGRAM — INTERNATIONAL COOPERATION ADMINISTRATION

This document consists of 5 pages. Copy No. ___ of ___ copies. Series A.

SECURITY CLASSIFICATION: SECRET

FROM: USAID Rio de Janeiro

PAGE 1 OF 5 PAGES

DATE SENT: 9-17-62

DATE REC'D: 9-20

SUBJECT: Police Assistance Programs in Brazil

REFERENCE (Check one before each address):
a) Dept. Instruction CA-2009;
b) DepCirc 1918;
c) NSA Memo No. 56, 28 Jun 1961;
d) NSA Memo No. 114, 22 Nov 1961;
e) NSA Memo No. 132, 2 Mar 1962;
f) Rpt & Recommendations Wash Assessment Team on Internal Secy Situation in SoAmer, 10 Jan 62
g) EMBTEL 215, 27 July 1962 (Country Team Message)

DISTRIBUTION — ACTION / INFO — ADDRESS AND SERIAL NUMBER

Action	Info	Address and Serial Number
X		AID/W TOAID A-631
		AID/W PASS TO STATE DEPT (Country Team Message)

In view of the current increased threat to the security of Brazil from Castro-Communist influences on dissident groups in Brazil, it is recommended that AID's program of providing technical and material assistance to civil police forces should not only be continued in accordance with plans set forth in the FY 1963 CPB submission, but that the scope of the program should be increased immediately. Recent events within the country, general strikes, food riots, and country-wide student and other strikes point up the fact that Brazil is drifting toward a situation which could bring widespread disorder and violence.

In recent weeks, the States of Rio de Janeiro, Goiás, Alagoas, and Bahia have renewed their previous requests for police assistance. In the State of Guanabara, Governor Carlos Lacerda, who is a strong anti-Communist and friend of the United States, has repeatedly asked Ambassador Gordon and other United States officials for increased aid for his police. It is true that in the case of Guanabara past accomplishments in the Public Safety field have been disappointing. However, during the past few weeks, local internal security conditions in the City of Rio de Janeiro and the neighboring State of Rio de Janeiro have retrogressed to the point that the governors of both states have renewed their previous requests for police assistance. (Latest appeal contained in Ref G.)

SECURITY CLASSIFICATION: SECRET

DISTRIBUTION — ACTION: PROS — INFO: WC, SRD, REPAS, LA, ESD-BUD, AMP, MR, FRD, FPS, SEC, COSD, CAD, IT, SOPERS

OTHER AGENCY: CIA, NSA, NSC, State Treas

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(CA-5-40 (9-60) W/O RECTO — PRINTED 9-61

0791

If USAID/Brazil is to carry out its responsibilities as set forth in the referenced instructions and fulfill local officials' urgent requests for police assistance, it is imperative that funds be provided to carry out the plans set forth in the FY 63 E-1, plus an increase of $50,000 to activate the proposed state programs in the States of Goiás and Rio de Janeiro. The FY 63 Public Safety program submission and proposed expanded two-state programs conform to the specific recommendations in Reference (E) which reads in part:

> "The police programs can make progress most rapidly, and serve best as models, by concentration of effort in key states. The present program with possibly a modest increase is deemed adequate. USOM has already approved requests for assistance from the States of Parana and Santa Catarina.1/ Formal requests for assistance have been made additionally by the States of Rio de Janeiro, Goiás, Alagoas, and Amazonas, and unofficial requests by Bahia, Piaui, and Rio Grande do Sul. The federal police agency now being established may be able to provide most or perhaps all of the assistance requested by this latter group." "The AID Public Safety program should be maintained at the present level, and expanded modestly when opportunities are presented." (Underscoring supplied.)

1/ Editorial Note: Since the preparation of this report project Agreement No. PS-2, Revision No. 2, was signed on January 12, 1962, providing for assistance to these two states.

FUNDS:

The following table gives a summary of funds required in FY 63 to carry out present commitments and a modestly expanded program:

U. S. Technicians (18)	$ 374,000
Commodities	450,000
Participants (40)	120,000
Other Costs (including local salaries, local travel, rent, communications, supplies, and printing & reproduction)	66,000
Total	$ 1,010,000 2/

2/ Represents E-1 planning for FY 63 plus the sum of $50,000 for commodities for a new state program in Goiás.

0792

Subsequent to a survey conducted in June 1961, exploratory talks have been held to establish a new state program in Goiás which for the first year will be serviced by the Area Public Safety Advisor (Brasilia), and establishing the position of Area Public Safety Advisor (Goiás) in FY 64. The above funding also will provide for limited commodity support in FY 63 for the new program in the State of Rio de Janeiro. This state will initially be serviced by the Area Public Safety Advisor (Guanabara). Personnel required to support the recommended program are as follows:

		Position No.
1.	Chief Public Safety Advisor, Jessup	217
2.	Deputy Chief Public Safety Advisor, Ellis	218
3.	Public Safety Program Assistant, Brougham	238
4.	Public Safety Advisor, Identif/Records, Cashin	219
5.	Public Safety Advisor, Training, Prior	224
6.	Public Safety Advisor, Criminalistics, Goin	227
7.	Public Safety Advisor, Investigations	226
8.	Public Safety Advisor, Identif/Records, Ales	313
9.	Public Safety Advisor, Communications, Clements	270
10.	Area Public Safety Advisor (Pernambuco)	221
11.	Area Public Safety Adv. (São Paulo), Costello	220
12.	Area Public Safety Adv. (Brasilia), Stack	255
13.	Area Public Safety Adv. (Guanabara), Rocker	222
14.	Public Safety Advisor, Training, Mitrione	225
15.	Public Safety Advisor, Criminalistics, Grodsky	314
16.	Area Public Safety Adv. (Minas Gerais), Baca	223
17.	Area Public Safety Adv. (Sta. Catarina/Parana), Pillifant	315
18.	Public Safety Advisor, Traffic, Clark	228

A Public Safety Advisor (Rural) will be required last quarter of FY 63 to meet the increased requests for technical advice presented by the military police. (Note: The Military Police of the various states are not military organizations, but rather are civil police agencies subject to military command in cases of national emergency. The military police are largely responsible for all rural police operations in their respective states in addition to police duties in most of the larger cities.) To accommodate this new position in the staffing pattern without increasing budget funding, it is planned to have the area advisors assume the functions of the Public Safety Advisor (Traffic) in their respective areas upon phase-out of this position upon the departure of the incumbent.

Considering the internal security situation, Embassy/USAID believes the above program submission constitutes the minimum requirement for USAID to meet its responsibilities in this important field, and that

0793

the above recommended assistance will greatly enhance Brazil's capacity to maintain law and order and assist in curbing the strong leftist influence now being brought to bear on Brazil's democratic form of government.

AMBASSADOR'S COMMENT:

Reference is made to para 5 (d), page 2, of Reference A.

AID's police assistance program in Brazil is a crucial element in our response to the threat of Castro-Communist influences. I regard it as an integral part of our Country Team's effort to counter subversion and insurgency throughout Brazil.

The existing social structure and inflationary economic trend in the country have provided additional opportunities for increased Communist Party activity into the various strata of Brazilian life, particularly into the underprivileged, labor, and student groups.

Since the civil police agencies of Brazil are primarily responsible for coping with urban and rural dissidence, I consider the continuation and expansion of the Public Safety Program of USAID/Brazil to be in a category of highest priority.

GORDON

Annex Attached

S E C R E T

0794

ANNEX:

Further reference is made to other questions raised in Reference A.

1. The state police forces aided are under the jurisdiction of elected civil officials, and in the case of the federal police, control rests with the Minister of Justice who is appointed by the President of Brazil. None of the police agencies aided are Fascist or repressive.

2. The role of the Federal Police and cooperating states in countering the threat to democratic government is as follows: (a) Provide a central information and clearing service to improve country-wide police cooperation and coordination; (b) deal with civil disturbances, conspiracy and subversion, and in some areas, counter-guerilla activity; (c) train special police units in the various aspects of security, investigation and humane riot control.

3. The police of Brazil are deficient in all phases of police training, communications, transportation, use and management of records, proper personnel policies, and definitely need to modernize their out-dated operational techniques.

4. The modest augmentation of the PSD FY 1963 program is small enough not to affect or interfere with other Mission programs.

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Info:

ACTION: Amembassy RIO DE JANEIRO 771 PRIORITY

SEP 21 [illegible]

RIO 771

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Text of Secretary's letter, to be forwarded next pouch, follows:

QUOTE Dear Linc:

The President has expressed a keen interest in the effective acceleration of our programs in developing countries, particularly in Latin America, and in assuring a closer tie between country team planning and operations and the Washington Agencies and Departments which participate in these programs. Having in mind the technique of interdepartmental team visits conducted last fall in Viet Nam, and this spring in certain Latin American countries, he has asked me to organize a program of field visits by interdepartmental teams to a number of selected countries. There is enclosed a copy of the President's directive to the interested Agencies.

The first team, headed by Ambassador Henry A. Byroade, is currently visiting Venezuela and Guatemala. At my suggestion, the Special Group (CI), under the chairmanship of General Maxwell Taylor, approved Brazil as the next country to be visited in this program. The team will consult with you, members of your staff, and as appropriate or necessary, with local

(3)

Authorized by RM/R

Drafted by: S/S-O:WBConnett:jramal 9/19/52

Telegraphic transmission and classification approved by: S/S-O:WBConnett

The Secretary

cc - Mr. Swank

O - Mr. Orrick (Info)

S/S - Mr. Little

S/S

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FORM DS-322

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INCOMING TELEGRAM *Department of State*

Rio GSR

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Control: 18706
Rec'd: September 24, 1962
4:03 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 682, September 24, 2 p.m.

PRIORITY

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DEPTEL 771 100.4/9-21-62
732.5
710.5

I naturally welcome proposal for mission here headed by General Draper, with whom I have worked closely in past. Deeply troubled, however, by proposed timing. We have only recently had news arrival very large Congressional Delegation for Inter-Parliamentary Union meeting October 24 to 31, transferred from Buenos Aires to Brasilia. Group will be Rio de Janeiro October 20 to 23, absorbing attention large part senior staff here, and we will have to reinforce Brasilia staff during period of conference to assist delegation while there.

100.4/9-2462

Moreover, we cannot at present safely plan on postponement Presidential visit, which we are instructed to discuss only after October 7 election. I see growing tendency on part GOB to press very hard for maintenance on present mid-November schedule. If we ultimately concur in this, proposed timetable for Draper mission would conflict with period most intensive preparations for visit. A further factor arguing against proposed timing is substantial military component of mission, including fact that Draper known as a General, which might lead to misunderstandings here during sensitive period between election and January 6 plebiscite on regime.

XR 732.5
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(3) All factors considered, I would therefore urge most strongly that mission be deferred, certainly until after planned Presidential visit, and preferably until after January 6 plebiscite. Visit of two to three weeks might possibly be squeezed into say November

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DEPARTMENT OF STATE

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TO : DEPARTMENT OF STATE

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Panama (POLAD CINCARIB) /

COPY NO. SERIES B

FROM : AmEmbassy, RIO DE JANEIRO DATE: October 5, 1962

SUBJECT : Country Team Assessment of GOB Request for Purchase of Five C-130 Lockheed Hercules Aircraft

REF :

This document consists of 5 pages.
Number of copies, Series

The Government of Brazil, through the Ministry of Aeronautics, has requested a loan of US$15 million to finance the purchae of five C-130 Lockheed Hercules aircraft.

The country team assessment of the proposal has been requested to assist Washington agencies in evaluating the need for Brazilian air transport modernization and augmentation of capacity in the light of overall economic development and military requirements. This assessment is to include an indication of the relative priority of the project vis-a-vis other economic and military requirements and a statement of views on the appropriate funding source among AID, MAP credits, MAP grants, or other funds.

COUNTRY TEAM POSITION

The country team supports the request for financing assistance. Considered in relation to the present political situation in Brazil and to the country's overall military and economic development needs, it should be given some priority.

RELATION TO MILITARY ASSISTANCE NEEDS

The acquisition of C-130 aircraft will significantly enhance Brazil's internal security capabilities.

The vast size of the country and the extreme inadequacy of existing transportation facilities present serious impedi-

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FORM DS-323 4-62

Drafted by: The Ambassador/JMHowe/JCDieffenderfer-vsk

Contents and Classification Approved by:

Clearances: JBUSMC-HINESON-POL-BERR CHAD (in draft)

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OSD 12	USIA	NSA 3

0798

ments to effective action on the part of the armed forces in the event of civil disorders. Main trunk roads between the major population centers are only partially paved. They are regularly impassable in bad weather. The roads into interior regions with substantial population concentrations are either minimal or non-existent for all practical military purposes. Rail transport facilities and the transport capacities of the Brazilian Navy and merchant marine are completely unsatisfactory by any standard. Present air transport capabilities of the Brazilian Air Force are likewise limited and inadequate to handle major crises. Existing aircraft are of obsolete types, with heavy maintenance requirements, having limited range and pay-load capacities. They require paved runways and are unsuited to the rapid movement of significant quantities of troops and equipment from one major region to another and especially into interior areas.

Acquisition of C-130's by the Brazilian Air Force would be fully consistent with our present concept of gaining acceptance by Brazil's Armed Forces of establishing and maintaining small, effective, highly mobile units. Such aircraft would measurably augment the capacity of the Army and Air Force to maintain internal security. There are no other facilities or items of military equipment which could be provided which would result in a comparable immediate and large-scale increase in internal troop mobility.

RELATIONSHIP TO ECONOMIC DEVELOPMENT NEEDS

The Ministry of Aeronautics operates the National Air Mail Service (Correio Aereo Nacional). In the absence of adequate road, rail or river facilities in the interior, air transport provides the sole effective means of transporting goods, equipment, and passengers to and within large sections of the country. A great part of the areas in which CAN operates are not served by civilian airlines. The C-47 and C-54 aircraft presently used by CAN are obsolescent, uneconomical, and rapidly becoming hazardous even in terms of liberal safety standards.

A fundamental requirement in the economic development of Brazil is major infrastructure improvement in transport and communications. To take maximum advantage of Brazil's productive potential, in natural resources, in agriculture, and in industry, the movement of food products and manufactured items between and within regions must be very substantially improved. Undeveloped and underdeveloped areas must be opened.

In Brazil, air transport offers a presently feasible means of immediately accomplishing a significant betterment of inter- and intra-regional communications. It does not eliminate the long-term need for the extension and improvement of other transportation facilities. However, while admittedly it is expensive and does involve an element of Government subsidy, it does enable development to pro-

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DEPARTMENT OF STATE

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OCT 17 1962

RM/AN
ANALYSIS & DISTRIBUTION
BRANCH

FROM : AmEmbassy RIO DE JANEIRO

DATE: October 11, 1962

SUBJECT: Use by Brazilian Army of French Army Publications on Guerrilla Warfare

REF : Deptel 779

The Embassy understands that material contained in various French military publications (L'Armée, for example) is being gleaned by Brazilian Army researchers for references to techniques and operational tactics used by the French Army in guerrilla warfare in Viet Nam and Algeria. Thus far, our efforts to obtain more specific information on the source material and end product have not been successful. We will keep trying.

For the Ambassador:

Charles C. Carson
Charles C. Carson
Second Secretary

OCT 25 12 37 PM
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DISTRIBUTION: All Consulates in Brazil; Service Attaches; USIS; Econ(2); POL Brasilia(5); POL Rio(3); POL II; Labor; CF(3).

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FORM DS-323
4-63

Drafted by: POL:CCCarson/rstp

Clearances: USARMA: Col. Connelly

Coordination and Classification Approved by: DCM: Min. Bond

JBUSMC - Col. Artwohl (in substance)



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DATE RECD. RM/R
DATE SENT 10-12-62 RJ 10-15

JOINT STATE/DEPENSE/AID MESSAGE

FROM - Rio de Janeiro

SUBJECT - Medical Activities by Police, Paramilitary and Military Forces in Brazil

REFERENCE - (A) CA 893
(B) AIDTO CIRC I-189

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ACTION: PRCS
INFO: LA, OPS, ESD, SRD, WC, 90W
OTHER AGENCY: ARMY, NSC, CIA, NSA, STAR, NAVY

The following information is submitted in reply to ref. B:

1. Current activities - At the present time the Brazilian police do not engage in medical activities. The Brazilian army engages in medical activities in remote areas, as well as sanitation and public health assistance. The Brazilian navy provides food deliveries and medical services in remote areas. All three services provide disaster relief when necessary. Attention is called to COMUS MIL GRP's Quarterly Report on NON-MAP Funded Civic Action Projects, submitted on 30 September 1962.

2-a-Opportunities for expansion of activities - The opportunity exists for expansion of activities of the type mentioned above throughout Brazil. In addition, a recent visit to the Amazon by the medical advisor to the US Naval Mission in Brazil revealed additional medical needs in the Amazon valley and resulted in a series of specific recommendations, including (1) a health survey of the Amazon area; (2) increased provision of medication by naval ships on monthly trips; (3) an anti-malaria and anti-tuberculosis campaign; (4) assignment of agriculturists or nutritionists to improve diets.

A joint USAID-JUSMC working group is being established to consider these recommendations.

2-b-Obstacles to expansion of activities - (1) Funds - Present MAP ceilings for Brazil provide insufficient funds to include civic action

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PAGE 1 OF PAGES 2

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DFinberg/Aa(mil):dsh (3018)	Prog/JUSMC	419	10-12-62	JRSolana - Program

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Hbroughan-PSD (subs)

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proposals as they are developed. For example, MAAG can identify worthwhile development programs which can be funded through MAP only at the expense of higher priority minimum defense and internal security requirements. MAAG is in no position at present to forward additional civic action projects which would necessitate deviations from the FY 1963 program and FY 1964-68 plan as presently constituted. (2) Lack of full details on possible proposals - The Brazilian armed forces have not provided sufficiently detailed information concerning Brazilian capabilities and shortcomings in implementing civic action projects. On the other hand, in view of the shortage of country funds mentioned above, US agencies are reluctant to ask the Brazilian military to embark on detailed project studies, lest these result in strong pressure to implement civic action projects which do not have top priority for funding.

3. Specific requirements for AID and MAP support of new activities - As mentioned above, a working group has been formed to consider recommendations for medical activities in the Amazon Valley. In addition, the Brazilian Delegation, JBUSMC, has informed the US Delegation that they plan to submit an outline plan of the social and economic development activities of the military in the Northeast and Amazon Valley for review to determine ways the US may assist in this area. Until this plan is forwarded, and until additional information can be gathered for other projects, specific requirements cannot be determined. However, in view of the likelihood of additional requirements arising from these reviews, clarification of the amount of AID and MAP FY 1963 civic action funds currently available (in addition to country program funds) would be appreciated.

GORDON

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ACTION: Amembassy RIO DE JANEIRO PRIORITY 968

INFO: POLAD CINCARIB - Panama
POLAD CINCLANT - Norfolk

JOINT STATE-DEFENSE MESSAGE

Ref CA-2144

State-Defense seriously concerned over delay concluding exchange notes proposed referenced circular applicable provision internal security materiel under MAP. We are rapidly approaching date for shipment equipment listed under FY 1962 MAP projects A-52 and A-83 and will have no alternative but to suspend latter shipments as well as withhold shipment on all projects coded "Internal Security" in approved FY 1963 MAP, pending exchange notes.

In addition to informing Fornoff of foregoing, Emb, in Amb discretion, should inform Brazilian military of problem through appropriate military channels in effort enlist their support in bringing present negotiations to successful conclusion.

Emb should comment soonest on progress negotiations and furnish estimate when we may expect exchange notes.

RUSK

(4)

Declassified per E.O. 11652

Drafted by: ARA:RPA:AFMcLean:hjb 10/15/62

Telegraphic transmission and classification approved by: ARA:RPA - Mr. Wood P. Allen

Clearances: OSD/ISA/WH-Gen.Enemark (in draft) G/PM-Mr.Maschke L/E-Mr.Malmborg AID/PRCS-Mr.Kyle EST/B-Mr.Madison

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CORRECTION ISSUED: 10-19-62 4 p.m.
Control: 14557
Rec'd: October 18, 1962 7:17 p.m.

FROM: Rio de Janeiro - CORRECTED COPY

TO: Secretary of State

NO: 870, October 18.

INFO: RM/R FILES 001

PRIORITY

ACTION DEPARTMENT 870 INFORMATION POLAD CINCARIB 15, CINCLANT UNNUMBERED

In view failure previous proposed exchange notes this subject (REFTEL 2637 May 9) and likelihood similar Foreign Office reaction over recent week of tension, initial approach this time informally made Brazilian military. Latter, at highest level, believe such agreement should and can be negotiated without difficulties providing military first carefully prepares way with authorities concerned to ensure that matter not become contentious political issue. We anticipate all clear signal from military within next seven to fifteen days. In circumstances Embassy has withheld discussion with Foreign Office pending results military efforts and will so continue for while longer unless instructed otherwise. Believe this procedure best promise successful negotiations.

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Control: 14557
Rec'd: October 18, 1962
7:17 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 870, October 18

PRIORITY

ACTION DEPARTMENT 870, INFORMATION POLAD CINCARIB 15, CINCLANT UNNUMBERED.

In view failure previous proposed (#) subject (REFTEL 2637 May 9) and likelihood similar Foreign Office reaction over recent week of tension, initial approach this time informally made Brazilian military. Latter, at highest level, believe such agreement should and can be negotiated without difficulties providing military first carefully prepares way with authorities concerned to ensure that matter not become contentious political issue. We anticipate all clear signal from military within next seven to fifteen days. In circumstances Embassy has withheld discussion with Foreign Office pending results military efforts and will so continue for while longer unless instructed otherwise. Believe this procedure best promise successful negotiations.

GORDON

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(#) Omission, correction to follow.

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RPTD INFO: CINCARIB PANAMA

NIACT.

JOINT STATE-DEFENSE MESSAGE

Embtel 870

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Unless Internal Security Agreement proposed CA-2114 successfully concluded by Nov 14 repeat Nov 14, we must suspend shipment on that date of FY 1962 MAP projects A-52 and A-83.

Recommend Emb inform ~~ambassador~~ Brazilian military through appropriate channels.

END

RUSK

(3)

Declassified by RM/R

Drafted by: RPA/S-AMclean/afm 11/8/62

Telegraphic transmission and classification approved by: RPA - Mr. Wade [illegible]

Clearances: OSD/ISA-Col Ashton AID/PRCS-Mr. Ky[illegible] L/M-Mr. Malkin[illegible] ~~EUR~~-Mr. Wellman
(In substance) ARA - Mr. Chase
EUR(S)-Mr. Shields

SECRET
Classification

FORM D.S. DS-322

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RIO DE JANEIRO-1135 732.5/10-1862

0806

ORIGIN/ACTION: ARA-4

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DEPARTMENT OF STATE

A·IRGRAM

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A-133, NO.

CONFIDENTIAL — HANDLING INDICATOR

TO : Amembassy, RIO DE JANEIRO

(2)

Nov 2 12 23 PM '62

FROM : Department of State DATE:

SUBJECT : Request for Embassy Evaluation and Comment on Military Attaches' Message on posture Brazilian Armed Forces in Cuba Crisis.

REF :

Embassy's evaluation and comment are requested on message from Embassy's military attaches' No. MAB J-43, of October 26, 1962. Embassy's views particularly desired on (a) possibility of split in Army and consequent new internal crisis in Brazil (reported paragraph 4) and (b) significance of reticence of armed forces as crisis re Cuba developed after their initial "strong spontaneous support" of US action (paragraph 8).

RUSK

(1)

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FORM DS-323 4-62

Drafted by: ARA:EST/B:RHShields:alc 11/1/62

Contents and Clearance Approved by: EST - Mr. Wellman

Clearances: ARA:EST/B:RJBurton RB

Rio de Janeiro A-133

732.5 11-2-62

0807

(22)

ACTION COPY

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INCOMING TELEGRAM *Department of State*

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SECRET

Control: 4581
Rec'd: November 13, 1962
8:15 p.m.

Rio 958

732.5
611.32

FROM: Rio de Janeiro

TO: Secretary of State

NO: 958, November 13

NIACT

DEPARTMENT PASS USPOLAD/CARIB FOR INFO.

JOINT-STATE-DEFENSE MESSAGE.

Department telegram 1135, 10-1862

732.5/11-1362

Re suspension MAP FY 62 projects:

Embassy and Chief MAAG recommend that FY 62 MAP projects A-52 and A-83 not be suspended because of failure to sign internal security agreement for following reasons:

A) Project A-52 (FY 62) provides MAP support for infantry brigade which is part of forces committed to hemispheric defense in accordance with US-Brazil Defense Plans and programmed in accordance with present MAP agreement between US and Brazil.

B) Project A-83 provides support to training units required in support of units committed to hemispheric defense.

C) Both these projects developed on basis US-Brazil defense plans and present MAP agreement. FY 63 program and FY 64-68 MA plan indicate that these units are primarily for internal security. However, Brazilian military still consider these units committed to hemispheric defense although they recognize that most MAP supported units all contribute to Brazil's internal security.

Should/

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-2- 958, November 13,from Rio de Janeiro

Should GOB balk at signing agreement we feel FY 63 and present Brazil Army request for riot control equipment and not FY 62 MAP projects be a lever to persuade GOB to sign.

Re exchange of notes:

Brazilian military last week notified jbusmc* former ready support exchange notes. Draft note presented Foreign Office official November 13. While Embassy stressed urgency matter, we felt would be counterproductive insist conclusion agreement by November 14 (which manifestly impossible since exchange will doubtless require national security council approval) or to mention imminent suspension MAP projects. Official concerned could not predict Ministry's reaction our new approach but he promised highest level consideration without delay.

Since GOB not yet decided on exchange notes re disposition equipment and materials no longer required (pending since 1960), will be necessary rephrase third paragraph note in question to provide for subsequent note this question unless, of course, GOB agrees now to both exchanges.

GORDON

RAM

* As received. Will service upon request.

NOTE: Relayed to POLAD/CINCARIB 11/13/62 10 p.m.

NOTE: Mr. Crane (ARA) notified 1015 PM 11/13/CWO-W



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OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT ☐ CHARGE TO

SECRET
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00392

Dec 3 5 04 PM '62

RIO DE JANEIRO 1206

Origin

Info

ACTION: Amembassy, RIO DE JANEIRO - ~~XXXXXX~~ / PRIORITY

INFO: USPOLAD/CINCARIB PANAMA

JOINT STATE-DEFENSE MESSAGE

Ref: Embtel 958.

Report status negotiations for exchange notes internal security agreement. Reply NIACT.

END

RUSK

JANEIRO-1206 7325 11-13 61

(P)

Declassified by RM/R

Drafted by: ARA:EST/B:RHShields:alc 12/3/62

Telegraphic transmission and classification approved by: EST - Mr. Wellman

Clearances: EST/B - Mr. Burton RB
RPA/S - Mr. [illegible]
OSD/ISA - Col. Ashton

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FORM S-81 DS-322

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Classification

0810

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OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT ☐ CHARGE TO

SECRET
Classification

0238

Dec 7 3 50 PM '62

Origin

Info:

ACTION: Amembassy RIO DE JANEIRO 1226 PRIORITY

RPTD INFO: POLAD CINCARIB PANAMA

Embtel 958

In view a) political-military considerations b) fact that not feasible obtain Presidential waiver for FY 1962 internal security program in FY 1963 and c) strong Emb and MAAG recommendation against suspension delivery projects A-52 and A-83, Defense Dept proceeding with shipment materiel listed latter projects with proviso that Brazilian military clearly understand materiel being furnished only for use to carry out hemisphere defense missions and to units listed in bilateral defense plan. When new agreement negotiated, these restrictions would be lifted. Advise us of official or officials to whom this limitation communicated and nature of response. Recommend Emb continue press for exchange notes keeping Brazilian military informed concurrently through military channels of progress, since deliveries FY 1963 internal security materiel will be withheld pending conclusion agreement.

With respect to point raised reftel that language paragraph 3 is not appropriate in absence agreement on return equipment, Emb should use instead paragraph 3 as sent CW-7538 Mar 23, 1962 for Brazil. END

Authenticated by RM/R

Drafted by: RPA/S:AFMcLean:L/E:KLMalmborg 11/16/62

Telegraphic transmission and classification approved by: ARA - Mr. Ware T. Allen

Clearances:
OSD/ISA-Gen. Enemark(in substance)
OSD/Coun-Mr. Allen(in substance)
EST/ Amb. Gordon
xEST/B-Mr. Shields(in draft)
L/E-Mr. Malmborg(in draft)
EST-Mr. Wellman(in draft)
AID/PRGS-Mr. Kyle(in draft)
SECRET
Classification

FORM 0-61 DS-322

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RIO DE JANEIRO-1226

732.5/11-1362

0811

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Control: 5500

Rec'd: November 15, 1962 3:33 p.m.

Action: ARA

Info: S, G, CAP, P, IOP, NSC, INR, CIA, NSA, OSD, ARMY, NAVY, AIR, RMR

INFO: RM/R FILES

FROM: Rio de Janeiro

TO: Secretary of State

NO: 964, November 15, 11 a.m.

DEPARTMENT PASS POLAD CINCARIB FOR INFORMATION

Reference: A-391 732.5622 732.5 911.0032

Reliable source told Air Attache Brazilian Air Force plans joint army-air counter-insurgency training program including large joint exercise during 1963. Consider counter-insurgency program promising move. Separately Air Ministry (#) status of C-130S. Would appreciate advice.

GORDON

LTR/14

(#) Omission, correction to follow.

NOTE: RELAYED TO CINCARIB POLAD 11/15/62.

Rio de Janeiro 964

732.5/11-1562

FILED

NOV 15 1 53 PM '62

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NAME OF OFFICER & OFFICE SYMBOL: Caldwell/ESTAB	DATE OF ACTION: 11/16/62
	DIRECTIONS TO RM/R: file

32

INCOMING TELEGRAM *Department of State*

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NIACT

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Control: 12102
Rec'd: NOVEMBER 30, 1962
1:29 PM

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FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 1056, NOVEMBER 29, 7 PM

ACTION DEPARTMENT 1056, INFORMATION POLAD CINCARIB 18.

DEPTEL 1156.

1. COUNTRY TEAM FULLY SHARES WASHINGTON CONCERN HELICOPTER DEVELOPMENT WHICH PART GOULART ADMINISTRATION'S POLICY RAPPROCHEMENT WITH SINO-SOVIET BLOC. IN VIEW RUMORED POSSIBILITY SIGNING BRAZILIAN-POLISH AGREEMENT CONNECTION CURRENT VISIT HERE POLISH MINISTER FOREIGN TRADE, I HAVE FELT JUSTIFIED MENTIONING SUBJECT AT HIGH LEVEL GOB POINTING OUT POLITICAL DANGERS ALONG LINES REFERENCE TELEGRAM. NOVEMBER 27 CONVERSATION MINISTER AERONAUTICS REPORTED SECOND PARAGRAPH. NOVEMBER 28 CONVERSATION GOULART ALREADY REPORTED SEPARATE MESSAGE.

2. AIR MINISTER RESPONDED DEFENSIVE MANNER, NOTING DEAL NOT YET CONSUMMATED. SAID US EQUIPMENT PREFERABLE BUT BECAUSE LACK DOLLAR CREDITS AND US AND WESTERN EUROPEAN RELUCTANCE PROVIDE SAME IMPOSSIBLE GOB OBTAIN HELICOPTERS THOSE SOURCES. CONFIRMED GOB PLANS PROCURE 1002-PLACE POLISH SM-1 HELICOPTERS (SOVIET MI-1 TYPE) OVER THREE-YEAR PERIOD. STATED PRESENT NEED ABOUT 40. OF THESE THREE ALLOCATED TO PETROBRAS, THREE FOR SAN FRANCISCO HYDRO-ELECTRIC AUTHORITY, THREE FOR USE IN STATE OF GOIAS (PURPOSE NOT SPECIFIED) AND REMAINDER FOR ARMY SUPPORT AND FAB SEARCH AND RESCUE WORK. CLAIMED COST WOULD BE APPROXIMATELY 70 TO 80 THOUSAND DOLLARS EACH, ALL PAID IN OTHERWISE UNSALABLE COFFEE, AND THAT COMPARABLE CRAFT IN US AND WE WOULD BE TWICE TO THREE TIMES AS MUCH. ARGUED THAT IN FACT TRANSACTION WOULD COST BRAZIL NOTHING SINCE EXCHANGE FOR SURPLUS COFFEE. (MINISTER, HINTING AT CRAFT THIS INSTANCE, MENTIONED THAT

(5)

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Rio 1056
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K/R - yes
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AR 32 5-62

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57 -H

SECRET

Control: 1741
Rec'd: December 4, 1962
7:33 p.m.

Action ARA

Info SS G L CAP AID P USIA INR CIA NSA OSD ARMY NAVY AIR RMR

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1079, December 4, 8 p.m.

NIACT

ACTION DEPARTMENT 1079, INFORMATION USPOLAD CINCARIB 19.

DEPTEL 1206

Embassy so far unable elicit reaction Foreign Office to draft note presented November 13 (EMBTEL 958) but continuing efforts and will keep Department informed on priority basis.

BOND

JT/4

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RIO DE JANEIRO-1079 7325/12-462

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ACTION

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ARMY	CIA	NAVY
OSD	USIA	NSA

DEPARTMENT OF STATE

AIRGRAM

732.00/12-2662
XR 070
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A705 — CONFIDENTIAL — HANDLING INDICATOR

TO : Department of State

FROM : Amembassy RIO DE JANEIRO DATE: Dec. 26, 1962

SUBJECT: Brazilian Military Uneasy Over Political Situation

REF :

1. Introduction and Summary

In the past crucial weeks following the elections and preceding the January plebiscite, the Brazilian military has displayed increasing restiveness over the administration's toleration or encouragement of leftist-nationalist elements on the political scene and over its evident willingness to manipulate the military to suspect ends. Thus, on three separate occasions impressive numbers of high-ranking military men have made a point of showing their distaste for Communism or manifesting their support for those who go on record as opposing the use of the military as a political tool of the administration.

The first of these occasions was the ceremony marking the departure of General Maurell Filho from the command of the 1st Military Region. Removed for political reasons, Maurell had made a speech warning of the danger of Communist infiltration and decrying the involvement of some military men in political activities.

The second major occasion was the November 27 commemoration of the 1935 Communist takeover attempt. The third involved the award of the Navy Order of Merit to numerous civilian and military figures during Navy Week, December 7-13.

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FORM DS-323

Drafted by: POL: FMilcaletta

Contents and Classification Approved by: DCM: Minister Bond

Clearances: POL: JKeppel

SCI
POL(5)
SVC, ATT.
ECON
USIS
AMB CONS. BRASILIA(3)
CF(3)

One generalized objective of these displays is that of pressuring President Goulart to cease promoting the influence of pro-Communist or dangerously leftist figures in government and especially in the military. A specific objective seems to be that of retaining General Amauri Kruel in the Ministry of War--or blocking the ascension of Osvino Ferreira Alves to the post in the Cabinet to be named after the January 6 plebiscite. The larger political panorama contains signs that these efforts may be having some effect to the extent at least of imposing caution on Goulart and his advisors.

II. Military Displays Discontent

A. The Maurell Filho Case

General Emilio Maurell Filho had been Commander of the 1st Military Region only four months when he was directed by 1st Army Commander General Osvino Ferreira Alves to relieve Colonel José Campos Aragao for having made a speech favorable to the United States. Maurell refused. "Invited" to assume another post by Army Chief of Staff Machado Lopes, Maurell declined, holding firm even when War Minister Kruel reiterated the invitation. It was not until President Goulart himself called Maurell to his presence that he agreed October 30 to leave his 1st Military Region post.

On November 6 Maurell made a speech in the form of an "order of the day" describing in scarcely-veiled terms the circumstances of his removal. In it he declared that "the fight against Communism is a permanent goal to be achieved, with all its energy and perserverance, by the Armed Forces." He denounced the "participation of officers and enlisted men in party politics"; "the association of military men with labor organizations, some of them of notoriously Communist tendencies," etc. When Maurell officially assumed his new post the next day, 28 high-ranking generals showed up at the ceremony uninvited. Maurell's new boss, Chief of Staff Machado Lopes, hurriedly ended the ceremonies in order to avoid embarrassing displays or pronouncements.

B. The November 27 Commemoration

Every November 27 Brazil pays homage to the 22 soldiers who died in the 1935 Communist attempt on that date to bring off a coup. This year, in their attendance at scheduled ceremonies and in the tone and content of their pronouncements, the military seemed to evidence a feeling that there was particular point in

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Control: 1349
Rec'd: JANUARY 3, 1963
2:12 PM

FROM: CNO

TO: Secretary of State

NO: 031802Z, JANUARY

ACTION CINCLANTFLT PRIORITY, INFORMATION CINCLANT, CINCARIB, COMSOLANT, DEPARTMENT OF STATE, COMUSNAVCARIB, CINAVMIS BRAZIL, JCS, COMUSMILGP BRAZIL

FOLLOWING MESSAGE RECID VIA BRAZILIAN NAVATT WASHDC AS CNO BRAZNAV 021753Z FOR CINCLANTFLT ACTION.

QUOTE
VOSSO 241654Z UNITAS IV SERA NECESSARIAMENTE BENEFICA NOSSAS MARINHAS PT CONCORDO PLANEJA-LA SEMELHANCE UNITAS III PT DETERMINEI ALTERAR PROGRAMA DESTRAMENTO PRESENTE ANO FIM AZENDER VOSSA PROPOSTA REALIZA-LA ENTRE 29 AGOSTO E PRIMEIRO OUTUBRO 1963 PT CIENTE UNIDADES AMERICANS TOMARAO PARTE OPERACAO PT TENCIONO ENVIAR UM OFICIAL BRASILEIRO TRINIDAD 13 JANEIRO FIM PARTICIPAR PLANEJAMENTO OPERACAO PT ACORDO RESOLUCAO 3A CONFERENCIA NAVAL INTERAMERICANA VG MARINHA BRASILEIRA JA FORMALIZOU VG MEU INTERMEDIO VG CONVITE FORCA AEREA BRASILEIRA PARTICIPAR UNITAS IV PT
CNO BRAZNAV
UNQUOTE

TRANSLATION: YOUR 241654Z UNITAS IV WILL NECESSARILY BENEFIT OUR NAVIES. I CONCUR WITH PLANNING IT SIMILARLY TO UNITAS III. I HAVE DECIDED TO ALTER THE TRAINING PROGRAM OF THIS YEAR IN ORDER THAT YOUR PROPOSAL MAY BE ACCOMPLISHED BETWEEN 29 AUGUST AND 1 OCTOBER 1963. I UNDERSTAND THAT AMERICAN UNITS WILL TAKE PART IN THE OPERATION. I INTEND TO SEND A BRAZILIAN OFFICER TO TRINIDAD ON 13 JANUARY IN ORDER TO PARTICIPATE IN THE PLANNING OPERATION. IN ACCORDANCE

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NAVY DEPT.

711.54/1-363

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NUMBERED

Control: 8214
Rec'd: JANUARY 14, 1963
10:27 P.M.

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ACTION
INFO:
RM/R FILES

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 1315, JANUARY 14, 4 P.M. ((SECTION 1 OF 11))

PRIORITY

ACTION DEPARTMENT 1315, POLAD CINCARIB 25.

PASS POLAD/CINCARIB

PASS DEFENSE

1. AT NSC EXECUTIVE COMMITTEE DECEMBER 11 SHORT-TERM POLICY TOWARD BRAZIL WAS DECIDED UPON WHICH INCLUDED "CONTINUING TO ENCOURAGE BRAZILIAN MODERATE DEMOCRATIC ELEMENTS IN CONGRESS, ARMED FORCES AND ELSEWHERE WHO ADVOCATE DEMOCRATIC AND FOREIGN POLICIES WE CAN SUPPORT."

2. BECAUSE THEIR ORGANIZATION AND POSSESSION PHYSICAL FORCE ARMED FORCES OBVIOUSLY KEY ELEMENT, WHICH IN BRAZILIAN CASE HAVE STRONG TRADITION MODERATE BEHAVIOR AS ULTIMATE POLITICAL CENSORS AND GUARDIANS OF CONSTITUTIONAL SYSTEM.

3. DURING POST-WAR PERIOD, UNITED STATES IN ITS RELATIONS WITH BRAZIL HAS GREATLY PROFITED FROM DEMOCRATIC, PRO-WESTERN AND SPECIFICALLY PRO-AMERICAN ORIENTATION OF OFFICER CORPS BRAZILIAN ARMED FORCES. THIS ASSET WAS LARGELY RESULT OUR WARTIME ALLIANCE WITH BRAZIL AND ACTIVE SUPPORT WE GAVE BRAZILIAN ARMED FORCES AT THAT TIME, FOLLOWED BY CONTINUING MATERIEL AND TRAINING PROGRAMS. AS RESULT NORONHA AGREEMENT WE HAVE CONTINUED GIVE THESE FORCES SUBSTANTIAL LEVEL OF SUPPORT UNTIL RECENTLY. SINCE BRAZILIANS AWARE OF COUNTRY'S SIZE AND POTENTIAL STRENGTH, AND DESIRE ARMED FORCES COMMENSURATE WITH COUNTRY'S IMPORTANCE, ASSISTANCE WE GAVE MILITARY HAS BEEN VITAL

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PE NAMGIRO-1315 7325 1-14-63 POL 611.37

11/4/35

0818

VITAL ELEMENT IN RETARDING GROWTH OF ULTRA-NATIONALIST, ANTI-AMERICAN AND PRO-COMMUNIST EXTREMISM IN BRAZIL.

4. TROUBLE IS THAT NORONHA AGREEMENT EXPIRING AND UNITED STATES IN PROCESS OF CUTTING SUPPORT FOR BRAZILIAN MILITARY IN HALF AT VERY MOMENT WHEN DEMOCRATIC AND PRO-WESTERN INFLUENCE OF BRAZILIAN ARMED FORCES MOST NEEDED AND UNDER GREATEST PRESSURE. PRO-WESTERN ORIENTATION OF GREAT BULK OF OFFICER CORPS REMAINS STRONG. HOWEVER, BECAUSE OF APPOINTMENT OF ULTRA-NATIONALIST AND LEFTIST OFFICERS TO AN INCREASING NUMBER KEY POSITIONS AND BECAUSE OF APPARENTLY MODERATELY SUCCESSFUL AGITATION BY ULTRA-NATIONALISTS AND COMMUNISTS AMONG LOWER RANKS (PARTICULARLY SERGEANTS) DEMOCRATIC INFLUENCE OF ARMED FORCES MAY NOT LAST LONG UNLESS WE ACTIVELY SUPPORT SOUND ELEMENTS WITHIN MILITARY.

5. TAKING ACCOUNT THESE CONSIDERATIONS AS WELL AS NEW EMPHASIS ON NEEDS FOR INTERNAL SECURITY AND CIVIC ACTION, AND ASSUMING NO RADICAL CHANGE FOR WORSE IN U.S.-BRAZILIAN RELATIONS, I SEE CONTINUING REQUIREMENT FOR GENERAL LEVEL MAP IN MAGNITUDES RECENT YEARS RATHER THAN HALVED AS NOW BEING CONTEMPLATED. MORE IMMEDIATELY, WE SHOULD BE ENABLED NOW TO GIVE CONVINCING EVIDENCE OF SOLIDARITY AND SUPPORT TOWARD ARMED FORCES BY DELIVERY OR FIRM COMMITMENT TO DELIVER SOME MUCH DESIRED CATEGORY OF EQUIPMENT OR SUPPORT. BY FAR MOST EFFECTIVE ITEMS IN THIS CATEGORY WOULD BE M-14 RIFLES FOR ARMY, AND C-130S AND HELICOPTERS FOR AIR FORCE.

6. ON RETURN HERE FROM WASHINGTON CONSULTATIONS I VERY CAREFULLY EXPLORED SECRETARY MCNAMARA'S SUGGESTION OF M-1 AS SUBSTITUTE FOR M-14 BUT FIND THAT, RIGHTLY OR WRONGLY, M-14 OR SIMILAR MODERN SEMI-AUTOMATIC RIFLE IS AN UNSHAKEABLE DESIRE OF BRAZILIAN ARMY--AN ATTITUDE BEYOND OUR POWER TO INFLUENCE. WE CANNOT, MOREVER, VERY WELL JUSTIFY OUR REFUSAL TO GIVE BRAZIL M-14S ON GROUNDS WEAPON INAPPROPRIATE FOR LATIN AMERICA, IS IN SHORT SUPPLY, ETC. WHEN BRAZILIANS KNOW UNITED STATES HAS RECENTLY FURNISHED SUCH WEAPONS TO VENEZUELA AND IN

CONSIDERABLY

DECLASSIFIED E.O. 12356, Sec. 3.3 NLJ 93-23

0819

SECRET

-3- 1315, JANUARY 14, 4 P.M. (SECTION 1 OF 11) FROM RIO DE JANEIRO

CONSIDERABLY GREATER QUANTITIES THEN WE ARE PROPOSING FOR BRAZIL, WITH POPULATION TEN TIMES THAT OF VENEZUELA. AS YOU KNOW M-14 GRANT PROGRAM IS ONLY TO FILL INTERVAL DURING CONSTRUCTION OF BRAZILIAN MANUFACTURING FACILITY, WHICH WILL REQUIRE OUR TECHNICAL HELP BUT WILL BE WHOLLY BRAZILIAN-FINANCED. BRAZILIAN OFFICERS WHO HAVE BEEN WELL DISPOSED TOWARD UNITED STATES HAVE USED TESTING OF M-14S WE GAVE THEM FOR THIS PURPOSE TO HEAD OFF STRONG PRESSURE FOR BRAZIL TO PROCEED WITH TESTING AND PROCUREMENT OF SEMI-AUTOMATIC RIFLES OF OTHER THAN U.S. ORIGIN. WE WOULD BE UNDERCUTTING BOTH THEM AND THEIR ARGUMENTS NOW TO REFUSE M-14S, AND MIGHT END UP WITH CZECH TECHNICIANS HELPING BUILD A BRAZILIAN ARMS FACTORY.

GORDON

CT

NOTE: RELAYED TO DEFENSE, 1/14/63, 1115 P.M.

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Control: 8261 JAN 15 AM 6 43
Rec'd: JANUARY 15 1963
1:35 AM EST 1/3
INFO:
RM/R FILES

Action ARA
Info SS SR G SP L H SAL CAP EUR MC IGA AID P IOP INR RMR

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 1315, JANUARY 14, 4 PM (SECTION 11 OF 11)

PRIORITY

ACTION DEPARTMENT 1315, POLAD CINCARIB 25

PASS DEFENSE

7. ON C-130S, I BELIEVE PROMPT COMMITMENT DELIVER FIVE, THREE THIS FISCAL YEAR WITH BALANCE NEXT YEAR, WOULD BE SUFFICIENT. WITH REGARD HELICOPTERS WOULD LIKE REPEAT THAT I MADE STRONGEST REPRESENTATIONS TO AIR MINISTER AND PRESIDENT OF DEPARTMENT'S INSTRUCTIONS AGAINST GOB PURCHASE OF POLISH HELICOPTERS AND THEREBY CREATED REASONABLE PRESUMPTION U.S. WOULD MAKE SOME NUMBER HELICOPTERS AVAILABLE TO BRAZIL IF CLEARLY NEEDED AND DESIRED. MATTER OF FURTHER ASSISTANCE TO NAVY DOES NOT APPEAR CRITICAL DURING NEXT TWO OR THREE MONTHS.

8. SINCE IMPRESSION WE WANT GIVE BRAZILIAN ARMED FORCES IS THAT WE WANT TO HELP THEM AND ARE PREPARED TO DO SO EFFECTIVELY SO LONG AS THEY REMAIN EFFECTIVE BULWARK OF DEMOCRACY IN BRAZIL, WE SHOULD TAVE FAVORABLE USG DECISION NOW, TO PERMIT US TELL OUR FRIENDS IN MILITARY THAT DESIRED EQUIPMENT AVAILABLE AND WE PREPARED MAKE FIRM COMMITMENT AS SOON AS REASSURED ARMED FORCES' LEADERSHIP REMAINS IN PRO-DEMOCRATIC HANDS. THIS WOULD INCREASE INFLUENCE THEY HAVE ON SHAPING OF REGIME AND WOULD ALSO INCREASE THEIR AWARENESS THEY COULD COUNT ON US IN EMERGENCY. IN CASE THERE TURN FOR WORSE BY GOB WE WOULD WITHHOLD DELIVERY. ON INTERNAL SECURITY EXCHANGE OF NOTES, WE ARE CONTINUING SEEK FAVORABLE DECISION BUT FOR REASONS I DISCUSSED WITH SECRETARY MCNAMARA, AND HE AGREED, WE SHOULD NOT MAKE [illegible]

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ACTION ASSIGNED TO:	ACTION TAKEN	9. 1 AM
NAME OF OFFICER • OFFICE SYMBOL	DATE OF ACTION SECRET	DIRECTION TO REPRODUCTION FROM THIS COPY IS PROHIBITED UNLESS "UNCLASSIFIED"

0821

SECRET

-2- 1315, JANUARY 14, 4 PM (SECTION II OF II) FROM RIO DE JANDIRO

9. I AM AWARE THAT SOME ASSISTANCE WE ARE HERE PREPOSING MAY AS PRECEDENT INVOLVE DIFFICULTIES WITH OTHER COUNTRIES. I BELIEVE, HOWEVER, THAT SIZE AND IMPORTANCE OF BRAZIL, EXTREME CRITICALITY OF SITUATION AND IMPORTANCE OF EXERTING MAXIMUM INFLUENCE TO PREVENT MAJOR TURN TOWARD BLOC MAKE IT NECESSARY TO FORMULATE OUR POLICIES TOWARD BRAZIL ON THEIR OWN MERITS.

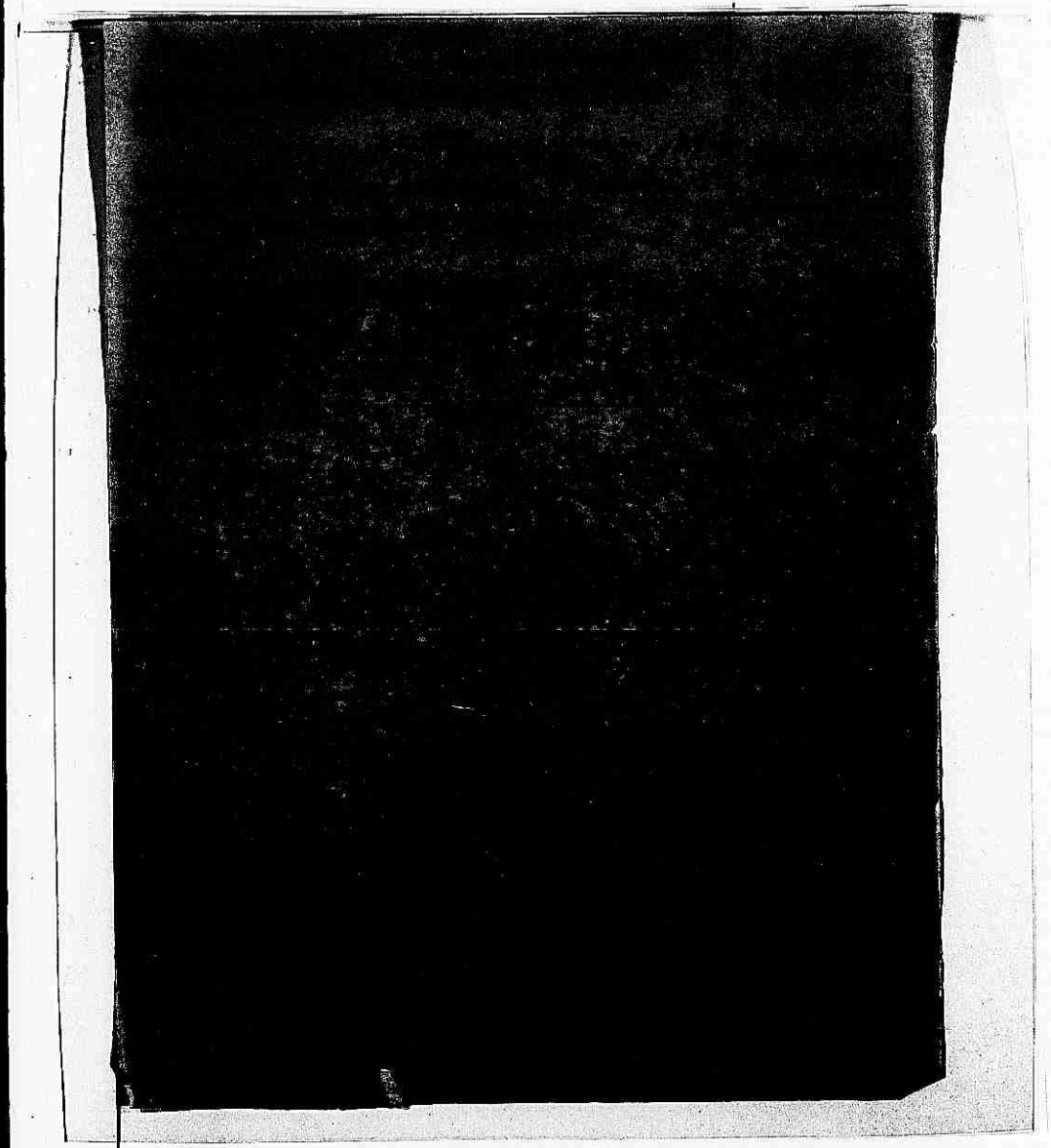
GORDON

RB/25

NOTE: RELAYED TO DEFENSE, 1/15/63.

SECRET

0822



INCOMING TELEGRAM **Department of State**

UNCLASSIFIED

Control: 1496
Rec'd: JANUARY 3, 1963
5:26 PM

FROM: CNO

TO: Secretary of State

INFO: 021753Z, JANUARY (NAVY MESSAGE)

ACTION PRIORITY CINCLANTFLT, INFORMATION CINCLANT, CINCARIB, COMSOLANT, DEPT STATE, COMUSNAVCARIB, CNAVMIS BRAZIL, JCS, CAMSMILG BRAZIL.

FOLLOWING MESSAGE RECD VIA BRAZILIAN NAVATT WASH DC AS CNO BRAZNAV 021753Z FOR CINCLANTFLT ACTION.

QUOTE

VOSSO 241654Z UNITAS IV SERA NECESSARIAMENTE BENEFICA NOSSA MARINHAS PT CONCORDO PLANEJA-LA SEMELHANCE UNITAS III PT DETERMINEI ALTERAR PROGRAMA ADESTRAMENTO PRESENTE ANO FIM AZENDER VOSSA PROPOSTA REALIZA-LA ENTRE 29 AGOSTO E PRIMEIRO OUTUBRO 1963 PT CIENTE UNIDADES AMERICANS TOMARAO PARTE OPERACAO PT TENCIONO ENVIAR UM OFICIAL BRASILEIRO TRINIDAD 13 JANEIRO FIM PARTICIPAR PLANEJAMENTO OPERACAO PT ACORDO RESOLUCAO 3A CONFERENCIA NAVAL INTERAMERICANA VG MARINHA BRAILEIRA JA FORMALIZOU VG MEU INTERMEDIO VG CONVITE FORCA AEREA BRASILEIRA PARTICIPAR UNITAS IV PT

CNO BRAZNAV

UNQUOTE

TRANSLATION: YOUR 241654Z UNITAS IV WILL NECESSARILY BENEFIT OUR NAVIES. I AGREE WITH PLANNING IT SIMILARLY TO UNITAS III. I HAVE DECIDED TO ALTER THE TRAINING PROGRAM OF THIS YEAR IN ORDER THAT YOUR PROPOSAL MAY BE ACCOMPLISHED BETWEEN 29 AUGUST AND 1 OCTOBER 1963. I UNDERSTAND THAT AMERICAN UNITS WILL TAKE PART IN THE OPERATIONS.

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NAVY DEPT 021753Z JAN

710.54/1-363

0824

ORIGIN/ACTION

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TR	XMB	AIR 4
ARMY 5	CIA 12	NAVY 5
OSD 12	USIA 8	NSA 3

DEPARTMENT OF STATE

AIRGRAM

732.5622/1-463

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55

A-767 NO. | CONFIDENTIAL - NOFORN | XR: 732.5 HANDLING INDICATOR 732.00

TO : DEPARTMENT OF STATE

FROM : Amembassy RIO DE JANEIRO DATE: January 4, 1963

SUBJECT : Conversation between Air Minister Major Brigadeiro Reynaldo Joaquim Ribeiro de Carvalho Filho and Ambassador Gordon

REF : Ambassador Gordon

Attached is a memorandum of conversation held between Air Minister Reynaldo and Ambassador Gordon.

Lincoln Gordon

Attachment:

Memorandum of conversation, December 19, 1962.

CONFIDENTIAL - NOFORN

FOR DEPT. USE ONLY ☑ In ☐ Out

FORM 4-62 DS-323

Drafted by: AA:Robert D. Kalb:mls | Contents and Classification Approved by:

Clearances:

0825

CONFIDENTIAL - NOFORN

MEMORANDUM OF CONVERSATION

DATE: December 19, 1962

SUBJECT: Results of Ambassador's Trip to Washington

PLACE: The Ambassador's Office, American Embassy, Rio

PARTICIPANTS: Air Minister Major Brigadeiro Reynaldo Joaquim Ribeiro de Carvalho Filho
Ambassador Lincoln Gordon
Colonel Robert D. Kalb, Air Attaché

Air Minister REYNALDO called at the Embassy on December 19, 1962, to discuss with Ambassador Gordon the results of the Ambassador's recent trip to Washington, including the problems of the C-130 aircraft, C-47 aircraft, helicopters, and in addition, the question of Communists in the Brazilian Air Force, as well as certain subjects brought up by the Air Minister.

The Ambassador stated that during his stay in Washington, he had attended many conferences concerning the problem of procuring C-130 aircraft for Brazil, including discussions of the uses to which such aircraft would be put, both civil and military. The Air Minister injected the comment that the BAF was different from the USAF, in that much of its work was in direct support of the interior as no other Brazilian agency or group could provide such services. The Ambassador then continued that as a result of the conferences, including one with Secretary McNamara, the C-130 project looks favorable; but there were still some steps to be taken, e.g., President Kennedy must be consulted on his return from Nassau. The Ambassador concluded this part of the discussion with an expression of hope that a decision would be soon forthcoming.

As concerns the C-47 aircraft, Ambassador Gordon mentioned that an effort was being made to place this item in the 1963-1964 Military Assistance Program. The Air Minister replied that these aircraft were to be used in the Amazon area.

The Ambassador stated that U.S. officials believe some helicopters can be placed in the Military Assistance package. However, it would not be possible to consider any such number as the 100, which they were thinking of procuring from Poland. The Air Minister stated this number was for procurement over a long time period and would not be required at this time. The Ambassador agreed that the BAF needed some helicopters for the purpose of Search and Rescue and support for the Army.



ACTION COPY

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INCOMING TELEGRAM *Department of State*

53-51

SECRET

Control: 1568

Rec'd: JANUARY 24, 1963

05:43 PM

Action: O: ARA For action

Info: RM/R FILES

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 1399, JANUARY 24, 6 PM

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PRIORITY

ACTION DEPARTMENT 1399, INFORMATION POLAD CINCARIB 32

DEPTELS 1226 AND 1392

EMBASSY HAS CONTINUED PRESS FOREIGN OFFICE FOR CONCLUSION AGREEMENT WITHOUT SUCCESS. U.S. DEL JBUSMC HAS CONCURRENTLY KEPT BRAZILIAN COUNTERPARTS ABREAST OF LACK OF PROGRESS. IN EARLY DECEMBER GENERAL MOTTA, CHIEF EMFA MADE STRONG RECOMMENDATION TO PRIME MINISTER AND PRESIDENT FOR SPEEDY APPROVAL. U.S. DEL JBUSMC INFORMALLY TOLD THAT GOULART SYMPATHETIC TO MOTTA RECOMMENDATION.

AMBASSADOR RAISED MATTER WITH FOREIGN OFFICE UNDER-SECRETARY BERNARDES JANUARY 18 WHO SAID PRELIMINARY OPINION OF FOREIGN OFFICE LEGAL DEPARTMENT WAS THAT PROPOSED CHANGES TO 1952 MILITARY ASSISTANCE AGREEMENT WOULD REQUIRE CONGRESSIONAL RATIFICATION AND PROBABLY ADVISORY OPINION OF BRAZILIAN NATIONAL SECURITY COUNCIL. BERNARDES QUERIED AMBASSADOR RE OUR INTERNAL SECURITY AGREEMENTS WITH OTHER COUNTRIES. INFORMATION REQUESTED ON HOW MANY CONCLUDED, WITH WHOM AND IF TERMS ARE SIMILAR TO THOSE WE SEEKING FROM GOB.

COMUSMILGP CONTACTS WITH PRESIDENT JBUSMC AND C/S EMFA HAVE REITERATED LIMITATIONS ON USES PRESENT MATERIEL DELIVERIES IN ABSENCE CONCLUSION INTERNAL SECURITY AGREEMENT. BRAZILIAN MILITARY APPRECIATE U.S. POSITION FULLY AND ARE EMBARRASSED BY TIME WHICH HAS ELAPSED WITH NO ACTION TAKEN DESPITE GOULART

• This document to be returned to RM/R central files with notation of action taken •

ACTION ASSIGNED TO- NAME OF OFFICER & OFFICE SYMBOL	ACTION TAKEN DATE OF ACTION	SECRET	DIRECTION TO RM/R

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GPO 930 800

Rio 1399 RM/R file

732.5 1/15/63

0827

SECRET

-2- 1399, JANUARY 24, 6 PM, FROM RIO DE JANEIRO

EMBASSY BELIEVES POLITICAL ATMOSPHERE AND MANEUVERINGS ATTENDANT UPON PLEBISCITE AND RESUMPTION OF FULL PRESIDENTIAL POWERS HAS DELAYED FINAL CONSIDERATION. ON OTHER HAND, FOREIGN OFFICE DELAY COULD BE ATTRIBUTED TO ITS CURRENT RELUCTANCE TO ACCEDE EXPEDITIOUSLY TO USG REQUESTS.

GENERAL MOTTA WILL SOON BE DEPARTING FOR OFFICIAL VISIT TO HIS U.S. COUNTERPART CHAIRMAN JCS GENERAL TAYLOR. MOTTA PROBABLY WILL RAISE AGREEMENT DELAY WITH GOULART PRIOR DEPARTURE. DOD MIGHT WISH DISCUSS THIS MATTER DURING MOTTA VISIT IF AGREEMENT NOT REACHED IN INTERIM.

GORDON

COT/25

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INCOMING TELEGRAM *Department of State* PERMANENT RECORD COPY

CONFIDENTIAL NUMBERED

43-W
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Control: 16735
Rec'd: January 25, 1963
10:29 p.m.

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FROM: Rio de Janeiro

TO: Secretary of State

NO: 1409, January 25, 6 p.m.

PRIORITY

Following from Brasilia:

Amaral Peixoto did not take office with other Cabinet nominees stating he wants to consult PSD parliamentary group early next week. His hesitations probably attributable to one or more following factors. Goulart gave two Cabinet posts to PSD not five as he reportedly had promised before plebiscite, withdrawing Foreign Ministry from Renato Archer at last minute. Goulart apparently developed reserve about PSD proposed administrative reform bill, execution of which Peixoto was to oversee.

Distribution of sub-Cabinet positions not yet official nor apparently in some cases made. No announcements yet on Bank of Brazil or BNDE with retention of incumbent likely in first place and unlikely in second. Under Bank of Brazil Carteira de Redescontes apparently being given Hugo de Faria and (Cacez) to Miguel Osorio de Almeida.

(3) We understand few if any changes being made in staff President's military household. Sub-Chefe for Naval Affairs getting routine transfer to Tokyo as Naval Attache. Luis Arraujo apparently leaving first sub-Chefe of Civil Household. Raul Ryff reportedly being replaced as President's press secretary by Luiz (Alberto Bahia) (national editor of VISAO magazine). Incidentally, former Prime Minister's office in Planalto and residence (Ipe) are, we understand, being taken by (Evandro Lins), new Chief of Casa Civil, disposition which was apparently status quo /anteparliamentarism.

RIO DE JANEIRO - 1409 732.00/1-2563

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ACTION ASSIGNED TO: ARA/EST/BR	ACTION TAKEN: none	DIRECTIONS TO RM/R: file
NAME OF OFFICER & OFFICE SYMBOL: R J Bunton	DATE OF ACTION: 2/19/63	

GPO 830 980

0829

732.5-MSP/9-861



32

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NUMBERED

Control: 6105
Rec'd: September 9, 1961
1:47 p.m. 001

FROM: Rio de Janeiro

TO: Secretary of State

NO: 713, September 8, 6 p.m.

File, Hoover, IE 47/13: Guatemala, Laos 9-25-61

Reference: EMBTEL 702.

Embassy believes US policy concerning financial aid to Brazil should differ somewhat as between making new aid commitments, on one hand, and complying with commitments already made, on other.

Embassy believes US should be particularly slow in entering into new aid commitments. Goulart's past associations with Communists and his anti-US positions are matter of public record and well-known through Latin America. Haste in offering US aid, in absence convincing disavowal those associations and positions, would undoubtedly weaken political strength of US friends throughout hemisphere and particularly in Brazil.

Embassy believes fact is USG is in excellent posture. No new aid commitment should be expected from it. Those commitments already made are sufficient, e.g., stabilization support and alliance for progress as reached Punta Del Este. We should and can avoid debate Mariani implication commitment finance Plano de Emergencia, reference despatch 140, 1499.

With respect financial commitments already made by US, comprising $338 million new money, Embassy considers harm could be done to fundamental Brazil--US relations if there is any suggestion US does not intend comply fully with agreements establishing those credits. Such suggestion would undoubtedly be interpreted in Brazil as proof US opposition to Goulart. Many, possibly including Goulart himself, might even use such "proof" of US opposition to Goulart to support thesis.

SECRET being

732.5-MSP/9-861 XR 611.32

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ACTION ASSIGNED TO:	ACTION TAKEN	
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

0831

SECRET

-2-713, September 8, 6 p.m. from Rio de Janeiro.

being widely spread by Communists and others, that USG was behind movement Brazilian military frustrate will of people that Goulart take office as President. On other hand, Embassy recommends that in talks with Brazilian officials, as soon as advisable, we give emphasis to fact US financial commitments predicated on GOB policy pursue self-help measures, as manifested GOB letter and memo to IMF, and that Embassy be authorized convey to new officials desire of USG ascertain whether new GOB intends follow stabilization program described in memorandum to IMF, since $338 million credits approved on understanding GOB economic program would be pursued "under conditions of financial stabilization." (Dillon-Mariani press release May 17).

Following additional factors considered pertinent:
A. Importance that Finance Ministry be strong and be allowed operate under firm orientation toward financial stability is greater than ever now that Parliamentary form of government in effect. Likelihood that inexperienced, if not irresponsible, legislators will undermine Finance Minister's policies will probably be magnified unless new government, including Prime Minister and legislators, understand importance financial stability.

B. Bank of Brazil foreign exchange position fairly strong at present; reference EMBTEL 696. Accordingly, US can delay authorizing drawings on loans without endangering Brazilian balance of payments position at this time. However, GOB clearly cannot postpone such drawings indefinitely.

BOND

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732.5-MSP/9-861

FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, Rio de Janeiro

NO. 179

TO : THE DEPARTMENT OF STATE, WASHINGTON.

September 8, 1961

SEP - 9 1961

REF :

Take no action
Pettis, R.H. Cuno: lmw
9-15-61

B/EAC:S

For Dept. Use Only	ACTION	INFO	DEPT	RM/R	REP	AF	ARA	EUR	FE	NEA	CU	INR	E	P	IO	ICA
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						10				10						

SUBJECT: Denial by Finance Minister Mariani of Improper Pressure by United States Agencies

On September 5, 1961, the Ministry of Finance issued the press release translated below:

"With respect to news published within the past few hours -- stating, on the one hand, that the American and international agencies with which Brazil negotiated rescheduling of its debts and the acquisition of credits for new projects have announced that they would suspend negotiations with the Government of President Jânio Quadros, and, stating on the other hand, that Minister Clemente Mariani had reported in a meeting between various Governors and the military Ministers that he had received information from the agencies in question that they would suspend negotiations if Office were not given to Sr. João Goulart -- the Cabinet of the Minister of Finance stated that both versions are completely without foundation.

SEP 13 1961

"Minister Clemente Mariani never received, at any time, any information about suspension of understandings or of credits, nor did he refer to any such fact in the meeting with the Governors, having limited his comments at that meeting to a description of the gravity of the financial situation resulting from the political developments.

"Minister Clemente Mariani, according to a spokesman of his Cabinet, repeatedly stated that, both in his earlier negotiations and in the negotiations of Punta del Este, with respect to the plan for the Alliance for

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FORM 6-61 FS-439 GPO 912598

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NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

Progress, there was never any intrusion of political factors, all discussions being restricted entirely to their purely economic, social, and financial aspects."

The foregoing press release was issued shortly after the morning newspapers of September 5 carried stories, emanating from Cuba, alleging that President Quadros had resigned because the United States had threatened to deny Brazil the right to draw on recently-approved loans unless Quadros modified his foreign policy, and that Quadros had then decided to seek loans from the USSR but had been denied the right to do so by his military Ministers.

For the Chargé d'Affaires, a.i.:

Herbert K. May

Herbert K. May
Treasury Attaché

Copy No. 6 of 30 destroyed. RM/R 1-1062

OUTGOING TELEGRAM **Department of State**

1961 SEP 13 PM 7 13

06544

Classification

ACTION: Embassy, RIO DE JANEIRO

LIMIT DISTRIBUTION

Your 713.

Embassy should seek early, appropriate opportunity to explain to Finance Minister Narciso Sallas, and to other GOB officials as Embassy considers desirable, that while we intend to fulfill our financial commitments to Brazil under the international financial stabilization arrangements (Dillon-Mariani announcement May 17, 1961), our intention to do so is based on the understanding that Brazil intends to go ahead with the stabilization program described in its stand-by arrangement of May 17 with the IMF. Begin FYI Department explained foregoing position to Brazilian Chargé Bernardes September 11 prior his departure for Brazil on consultation. Treasury suggested to Bernardes that Finance Minister might wish attend Vienna meeting which would provide opportunity for discussions with IMF and US officials. End FYI Embassy should state it would be pleased to receive, for transmittal to USG, any assurances which Finance Minister can give respecting Brazil's intentions to maintain its stabilization program.

Begin FYI Understand that Brazil has not kept its commitments to the IMF to adhere to specific ceilings on currency issue, bank credits, budgetary deficits and expenditures as set in [illegible] letter. End FYI.

Rusk

(3)

9/12/61

0835

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FOREIGN SERVICE DESPATCH

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732.5-MSP/9-961
XR 732-00-
732-MAP

FROM : Amcon Recife

61
NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

September 9, 1961
DATE

REF : D-52 of August 16, 1961

File Lot 68D13: Jurisdiction-Exec 10-9-61

H-1 U/PR-1 B/FAC-5

	ACTION	INFO	DEPT	RM/R	REP	AF	ARA	EUR	FE	NEA	CU	INR	E	P	IO	ICA
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	REC'D 9/21			AIR 6	ARMY 4	CIA 10	NAVY 4	OSD 5	OCB	USIA 10	NSA 4					

SUBJECT: Quarterback Sampaio Tries End-run for Aid Funds

Using the confusion of recent events and the uncertainty of future national policy, Governor Cid Sampaio is probing anew to advance his interests in strengthening state as opposed to national responsibility and authority in the planning and implementation of development projects. At the same time, he probably is hopeful that political shuffles at the federal level will if not eliminate at least reduce the influence and position of Celso Furtado as SUDENE tsar.

On September 5, 1961, the Governor dispatched Dr. Francisco Siqueira, Vice Director of the Pernambuco Companhia de Revenda e Colonizacão, to talk to USOM Adviser James Haynes, an old hand at Recife. Mr. Haynes memorandum of conversation follows:

"Just after lunch today (September 5), Dr. Francisco Siqueira, Vice Director of the CRC, called upon me to make informal inquiry on behalf of the Governor as to the possibility of the U.S. loaning money directly to the CRC. Pernambuco Law No. 3508, of 26 December 1959, (which created the mixed company, Companhia de Revenda e Colonizacao), by Article No. 7 would legally permit this.

"When asked for what the money would be used, Dr. Francisco at first said 'colonization, schools, roads, etc.' (I had the impression that he had been instructed by the Governor simply to determine whether the U.S. could finance through CRC directly and that the Governor had not specified to Dr. Francisco the specific projects on which the money would be spent.)

"When asked if granting of those BID Pernambuco projects which were approved in Montevideo would take care of the Governor's problem, Dr. Francusco at first seemed somewhat hesitant, then quoted what he had been told by the Governor in a fluent and forceful de-

What is this referring to?
Probably remarks during visit of US Governors to Brazil

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REPORTER

FORM 6-61 FS-439 GPO 912696

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ACTION ASSIGNED TO- NAME OF OFFICER & OFFICE SYMBOL	ACTION TAKEN DATE OF ACTION	DIRECTIONS TO [illegible]

DEPARTMENT OF STATE
BUREAU OF INTER-AMERICAN AFFAIRS
SEP 25 1961

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732.5 MSP/9-961 BW



livery which was almost equal to the style of Governor Cid himself. The quotation ran more or less as follows:

"'President Kennedy has told Latin America in general, and Brazil in particular, that the American Government sincerely wants to help. This has been done in such a manner that most responsible Brazilians, including myself, believe in the sincerity of intent on the part of the American Government. Brazil is now in a situation of emergency and will desperately need help. This is the time of need in which the U.S. should demonstrate its sincerity. The Federal Government will be disorganized and timid for the next six months and will be both unable and afraid to take needed action. The CRC, as a mixed company, could serve as an instrument for immediate action during this period of confusion, serving perhaps not only emergency programs of Pernambuco but perhaps other states as well, such as Paraiba, Rio Grande do Norte, etc.'" .....

As pointed out in D-67 of June 30 and D-52 of August 16, 1961, Governor Sampaio would like to see the authority of Mr. Celso Furtado and of SUDENE reduced and that of Pernambuco increased in the planning and implementation of development projects. He would like especially to see a mechanism to permit the states rather than the federal government to obtain long-term, low-interest loans from U.S. banks underwritten by the U.S. Government. This has some merit. While 9 of the northeast governors (Maranhao to Bahia) are members of the Deliberative Council of SUDENE, their views, under the former Quadros-Furtado axis, really did not amount to much. While the SUDENE masterplan would bring development benefits to each state, each also has peculiar (political as well as economic) development problems of its own and each is interested in prosecuting not only the broader regional projects with some local impact but also their peculiar and individual programs. This applies especially to Pernambuco and to Governor Sampaio, but is believed to be cogent also to Governor Parsifal Barroso in Ceara and Governor Pedro Gondim in Paraiba.

During the recent national crisis, Celso Furtado tried to assume a detached position though there is no doubt that he was and is worried concerning his own future and that of SUDENE. Early after Quadros' resignation, Furtado, in response to a press question, said that he did not plan to visit Brasilia or Rio de Janeiro in connection with the crisis but rather to stay in his office doing what he was supposed to do. Subsequently, he has taken pains to go through the motions of business as usual and to convey an impression, for benefit of the public, that he and SUDENE are above the turmoil of politics, performing wisely the vast duties that confront them. This caused to the sophisticated some surprise in view of Furtado's elevation by Quadros to ministerial rank and in view of the intimate relations and mutual support that had existed between them. At the moment, Furtado appears to be holding on to his seat and entertaining the hope that not much will happen to him, his plans, or SUDENE. Some think he may be retained but probably under more control, and some governors, especially Sampaio, no doubt hope that they can either unseat him or impose more effectively their influences upon him.

In these circumstances, it is the opinion of the Consulate that there is an opportunity to consider the organizational direction and structure of SUDENE and

within the context of the evolving development program in the Northeast to make suggestions appropriate to U.S. interests and based on the assumptions that Furtado may or may not continue as SUDENE's prime mover. In either event, it would appear desirable if some effort were made to strengthen the positions of the affected governors in the planning, control, and implementation of regional development programs and projects; to give them some voice in the staffing of SUDENE; and to guard against the monolithic creation of a power instrument that in terms of the uncertain future could, if not democratically constituted and staffed, prove to be a powerful weapon in the wrong hands. The SUDENE staff now numbers about 200 but Furtado has indicated that it is planned to increase this to 500 in the near future. The staff at present is noted for its youthfulness, inexperience, devotion to Furtado, and theoretical rather than practical capability. The effectiveness of the organization and its democratic complexion likely would be improved if the Northeast governors had more to say about its organizational operations and structure.

In this connection, it might be useful if Governor Sampaio could visit the United States to discuss his views with interested officials in the Department and other agencies. In D-52 of August 16, 1961, it was suggested that the Department consider the extension of an official invitation to him. Since then, the Consulate has received (under cover of the Department's transmittal slip dated August 21) copies of the correspondence exchanged between Vladimir Reisky de Dubnic, Senator J. W. Fulbright, and Assistant Secretary Brooks Hays concerning the possibility of an invitation to Governor Sampaio. The subject has not been discussed with him, but it is believed that he probably would be receptive to the idea of visiting the United States especially as it is understood that he had, prior to the recent national crisis, been considering such a trip himself. If for no other reason, the trip would be worthwhile as a means to acquaint him with the procedural aspects of U.S. lending programs and to improve his general outlook, timely at this juncture of Brazilian political evolution and Northeast development aspirations.

Albert A. Rabida
American Consul

Concurrences:
Robert B. Peterson, USOM Recife
James L. Haynes, USOM Recife

cc: Amemb and USOM Rio de Janeiro (2)

31

OUTGOING TELEGRAM Department of State 1961 SEP 8 PM 5 43

09069

INDICATE: ☐ COLLECT ☒ CHARGE TO EXIMBANK

CONFIDENTIAL
Classification

Origin

Info:

SENT TO: Amembassy, VIENNA 525
Priority

For Linder USDEL from Sauer Eximbank.

Received within hour cable from Moreira Salles to you asking we expedite implementation $168 million credit so as to enable Brazil settle commercial arrearages. Will look into matter and consult with State and advise you as to our answer. Meanwhile if you have reaction please advise. In this connection recent Embassy Rio tel to Dept. (rptd Dillon Vienna as [redacted]) asks [redacted] opinion whether Treasury and Bank funds should be released against oral statement Moreira Salles that GOB will comply with IMF requirement. 732.5-MSP/9-1561-fw-832.10

New subject. Carrillo Flores, Mexican Ambassador, spoke to me again today about our financing approximately $11 million of vehicles (trucks, ambulances, motorcycles and a small amount of construction equipment) for Army. He suggested it could be dressed up by having another agency of Government make purchases and then turning over to Army. I discouraged him and he repeat he then said that he might cable Ortiz Mena to speak to you about matter because Ortiz Mena was person pushing loan because it involved his budget. I could not tell him [redacted] not repeat not to cable Ortiz Mena, however, I did suggest that GOB might consider using dollars from first $90 million balance of payments for purpose. My idea in making suggestion was to avoid making another credit.

(6)

Drafted by: Eximbank:WCSauer
Telegraphic transmission and classification approved by: OFD:EDiRLBrown
Clearances: OFD:EDiRLBrown 9/18/61
CMA - Mr. Sayre
EST - Mr. Wilson

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SEP 18 [illegible] PM

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NUMBERED
Control: 11261
Rec'd: SEPTEMBER 16, 1961
2:39 PM

FROM: Rio de Janeiro
TO: Secretary of State
NO: 764, September 15, 8 p.m.

Rio 764

PRIORITY

ACTION DEPARTMENT 764, INFORMATION VIENNA 4.

VIENNA FOR SECRETARY DILLON

LIMIT DISTRIBUTION

Department telegram 815 (EST/AWH - 9/12)

Minister Moreira Salles asked May September 12 transmit to Washington assurance Brazil will follow program for achievement financial stability outlined in May 10 memo to IMF. Reference Embassy despatch 193, September 13, summarizing conversation with Moreira Salles. Moreira Salles has not yet returned from Brasilia, where attended meeting Council of Ministers September 14. May seeking appointment with Moreira Salles soonest in accordance paragraph 1 reference telegram.

Embassy would appreciate being advised whether release funds under May 17 financial arrangements contingent only upon oral assurance (already given) by Moreira Salles that Brazil will comply with May 10 memo to IMF. Specifically, will drawings be made contingent also upon prior consultations with IMF and/or IMF authorization of new Brazilian drawing under IMF standby?

Embassy believes following considerations should be taken into account:

1. Oral assurances by Moreira Salles do not necessarily

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P32.5-MSP/9-1561 XR 532.10

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demonstrate serious decision GOB intention comply with memo to IMF. Moreira Salles frequently inclined quell US Government uneasiness by voicing unduly optimistic reassurance. Embassy has no information indicating that President Goulart, Prime Minister Tancredo Neves, or Council of Ministers aware seriousness problem. Accordingly real assurance GOB determination comply with IMF memo might require USG approach directly to Goulart or Tancredo Neves.

2. Problem of compliance with IMF memo potentially of great importance politically. Could lead to public charges that USG deliberately withholding funds from Goulart Government. Alternatively, charge might be made IMF and US Government had already raised problem during Quadros incumbency, thereby being "real forces" behind Quadros' decision resign.

BOND

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Control: 13509
Rec'd: September 19, 1961
10:45 pm

Action ARA

Info SS G SP L H E BFAC ICA DLF P USIA INR XMB TRSY RMR

FROM: Rio de Janeiro

TO: Secretary of State

NO: 782, September 19, 9 p.m.

NIACT

ACTION DEPARTMENT 782; INFORMATION VIENNA PRIORITY 5.

VIENNA FOR SECRETARY DILLON

LIMIT DISTRIBUTION

Re EMBTEL 764.

Minister Moreira Salles told me today he had sent telegram to EXIM Bank September 14 asking status GOB request drawing on $168 million loan. Expressed concern because had not yet received reply. Said Cruzeiro depreciating in free exchange market because rumors spread by United Press to effect US banking circles anticipate weakening Brazilian financial program under Moreira Salles, and because Brazilian importers and other debtors seeking make payments abroad before exchange value cruzeiro depreciates further.

Moreira Salles made impassioned statement to effect he is determined follow tougher policy than Mariani and has political strength both with Council of Ministers and with Congress to do so. Stated, however, he desperately needs draw on foreign loans soonest in order demonstrate US and other foreign confidence in his policies, so as avoid need sell Bank of Brazil dollars in order try keep exchange rate from further depreciation. Said he asked

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-2- 782, September 19, 9 p.m., from: Rio de Janeiro

Foreign Minister San Tiago Dantas this afternoon invite Bond, Saccio and May to meeting at which Moreira Salles and Bulhoes would also be present, for purpose ascertaining US policy concerning drawings on EXIM Bank and other loans. In reply to question by May, Moreira Salles evaded question whether GOB willing enter formal consultations with IMF. Said would show May copy Bulhoes' letter to IMF at tomorrow's meeting.

Embassy would appreciate guidance soonest for aforementioned meeting, which Moreira Salles said would take place 3 p.m. September 20. In particular, would appreciate reply to second paragraph REFTEL.

BOND

MRJ

Note: Mr. Hemba (ARA) notified 9/19 CWO-JSW

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OUTGOING TELEGRAM Department of State

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Origin

SENT TO: Amembassy RIO DE JANEIRO NIACT 876

732.5-MSP/9-1961
XR 832.10

Your 782.

Actively consulting other interested agencies. Cannot supply answer for today's meeting but will advise soonest.

BOWLES

Bowles
ACTING
(aw)

3

Drafted by: ARA:EST:AWHemba:lms 9/20/61

Telegraphic transmission and classification approved by: EST - Mr. Hemba aw

Clearances:

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1961 SEP 20 PM 5 28

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Classification

VERBATIM TEXT

10402

Origin

Notes

ACTION: Amembassy, VIENNA [redacted] NIACT 552

JOINT STATE, TREASURY AND EXIMBANK MESSAGE

FOR DILLON AND LIMBERT

LIMIT DISTRIBUTION

We propose send following reply in response Rio's 764 repeated Vienna 4 and Rio's 768 repeated Vienna 5:

QUOTE U.S. financial arrangement with Brazil last May was based on concept that Brazilian access to resources IMF essential part of program and that stabilization measures needed to make our and other aid effective. While we did not REPEAT not make release of Eximbank and AID funds contingent upon Brazilian compliance with commitments to IMF, drawing of second Treasury tranche is explicitly contingent upon favorable IMF action. In principle, even release first Treasury tranche is contingent upon Brazilian compliance with IMF commitments, although we should reserve possibility of its release if critical need demands.

In view recent financial developments in Brazil, would appear impractical expect GOB stay within IMF ceilings set with IMF last May, but Without tying ourselves to IMF decision x [redacted] practicable action would seem be prompt GOB consultation with IMF and realistic readjustment ceilings and agreed redefinition stabilization program which would also meet our needs.

(4)

Drafted: ARA:RNR:JWilson:EMartin — Telegraphic transmission and classification approved by: ARA - Robert F. Woodward

Clearances:

Eximbank - Mr. Sonner awh — Treasury - Mr. Farley awh — E - Mr. Martin

ARA - Mr. Turnage awh — S/S CR

CONFIDENTIAL Classification SEP 20 1961 PM

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Meanwhile do not wish delay unduly implementation our part of previous understandings in such a way as to give new GOB feeling it not being treated fairly. Therefore EXIMBANK would be prepared begin disbursements on receipt reaffirmation by Prime Minister of statement given you by Moreira Salles that new Government expects to continue to live by stabilization program of general character previously agreed with IMF (and upon receipt additional documentation from Moreira Salles which EXIMBANK will specify).

You should also explain to Finance Minister our view of the desirability of developing new program with IMF in light current situation and needs. We would prefer withhold action on request Treasury drawing until such an adjusted stabilization program to permit our aid to be effective has been agreed upon.

We would prefer also to withhold action on AID funds (which not yet appropriated) until this completed, and you should take this position as our preference. If it appears likely that this delay will cause serious damage to our political relations we would be willing to reconsider UNQUOTE.

Request your comments soonest.

For Linder from Sauer: We will send noncommittal acknowledgment to Moreira Salles pending decision foregoing. If affirmative we will instruct Embassy to obtain written confirmation by Moreira Salles of documents signed by Mariani and will then disburse $30 million.

Ur 525 received after above cleared for transmittal to you. Would appreciate your comments.

Bowles
ACTING

BOWLES

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Control: 13798
Rec'd: September 20, 1961
10:50 a.m.

Action
~~EXEC~~ XMB
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FROM: Vienna

TO: Secretary of State

NO: 526, September 20, 1 p.m.

#525 fr Vienna, 732.5-MSP/9-2061 fr 832.10

PASS EXIM FOR SAUER FROM LINDER.

See NIACT cable from Dillon and me to Rio for reply to yours.

PORTER

SA

Vienna 526

732.5-MSP/9-2061

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Action
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Control: 13811
Rec'd: September 20, 1961
9:47 a.m.

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FROM: Vienna

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TO: Secretary of State

NO: 525, September 20, 1 p.m.

NIACT

ACTION DEPARTMENT 525, INFORMATION RIO DE JANEIRO 2.

PASS TREASURY AND EXIM BANK.

FROM DILLON AND LINDER.

Reference: Rio's 782 to Department, information Vienna 5.

We approve going ahead with up to 50 million of EXIM 168 million and 35 million of 70 million Treasury ESF on assumption Moreira Salles formally confirms Brazil prepared carry out satisfactory stabilization program. Fully recognize Brazil has already breached ceilings set forth in memo to IMF and that these will need renegotiation. View importance confidence factor do not believe drawings on the US should be held up until all details new program settled. Rio should convey to Moreira Salles our expectation Brazil will consult with funs* on new program. Rio should also make clear that US assistance not intended finance capital flight. Hope that restoration of confidence flowing from availability of US assistance in accordance terms of understandings, reaffirmation of determination on Brazilian Government carry out stabilization program and such exchange rate policy as will allow appropriate relief through exchange rate will avoid serious capital flight problem. Springsteen concurs.

(3)

JAK PORTER

*As received, will be serviced upon request.

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Control: 14634
Rec'd: September 21, 1961
8:00 a.m.

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FROM: VIENNA

TO: Secretary of State

NO: 531, SEPTEMBER 21, NOON

Reply by Deptel to Rio 891 9/21 info Vienna 570, EST:AWHemba.

NIACT

FROM DILLON AND LINDER

PASS TREASURY AND EXIM BANK

LIMIT DISTRIBUTION

CONSIDER POSITION STATED DEPTEL 552 SHOULD BE AMENDED ALONG LINES OUR 525. DO NOT BELIEVE WISE HOLD UP RELEASE OF UP TO 50 MILLION BY EXIM AND TREASURY 35 MILLION PENDING REVISION OF CEILINGS WITH IMF. CONSIDER LINE TAKEN FIRST PARA. URTEL OVERLY TOUGH IN VIEW FACT SALLES IS NOT RESPONSIBLE FOR PAST AND HAS ALREADY SAID HE CONTEMPLATES STRONGER POLICY THAN MARIANI. FEEL TONE OUR 525 WILL BE EQUALLY EFFECTIVE FINANCIALLY AND FAR MORE ACCEPTABLE POLITICALLY. POINT IS WE MAKE IMMEDIATE SUBSTANTIVE GESTURE OF CONFIDENCE IN SALLES WITH CLEAR INDICATION FURTHER HELP DEPENDENT ON HIS FUTURE PERFORMANCE. NOTE LINDER AND I AGREE ON INCREASE EXIM TO 50 MILLION.

FOR SAUER FROM LINDER. AGREE DESIRABLE YOU OBTAIN THROUGH EMBASSY CONFIRMATION OF DOCUMENTATION BY MOREIRA SALLES.

PORTER

JVC/20

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NO: A-164
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SERIES B
Joint State-Defense-ICA message
OSD ARMY NAVY AIR CIA NSA
Re: Depcirtel 209

Brazilian military forces have traditionally engaged extensively in wide-range of civic-action-type activities. Such activities not readily measurable in terms resources expended since widespread and carried on in many cases as concurrent activities related to normal training, construction, transport or other tasks assigned Armed Forces units. However it estimated they represent 20% or more of total effort Brazilian Armed Forces in terms manpower and resources.

No US military resources have been allocated specifically for civic-action programs in Brazil. However in many instances local MAAG and Mission personnel assist Brazilian military's civic-action programs through equipment recommendations or advice. Notable examples: (1) MAAG efforts toward (a) standardization of electronic equipment used by various armed forces in order promote placement joint orders with civilian industry in sufficient quantity to justify local production and capability to end of ultimate independence foreign supply, and (b) construction of precision calibration laboratory to calibrate various types of equipment for benefit all services and agencies having such requirements, and (2) MAAG contributions to educational programs within Armed Forces (ranging from elementary courses for recruits to English language classes and specialized lectures by US MAAG and Mission personnel). In addition Brazilian military are encouraged use facilities and resources other US agencies such as USOM; USIS in such military or extra-military activities as are appropriate.

Government and Armed Forces are currently studying critical situation in Brazil's strategic northeast area. Planning and execution of such measures as are adopted will provide considerable potential for MAAG and Mission participation in many fields.

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Importance civic-action programs is appreciated. However, it considered (1) US agencies currently in Brazil have personnel sufficiently diversified in skills and professions to provide Brazil adequate assistance and guidance in civic-action matters as part of, concurrent with or in addition to, their principal functions, and (2) such personnel being adequately utilized. This matter will remain under continuous review and appropriate recommendations or requests will be made should current estimate situation be revised.

BOND

POL:RHShields:gw
Col. WRenny

SECRET

ARA:EST/B:LBriggs
(Drafting Office and Officer)

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7325-MSP/9-2961

DEPARTMENT OF STATE

XR411.3241

(67)

Memorandum of Conversation

DATE: September 29, 1961

SUBJECT: Message of Cardinal Motta of São Paulo, Brazil to President Kennedy; Aid to Catholic Institutions in Brazil

PARTICIPANTS: Monsignor José Alves Motta
Monsignor Victor Ribeiro Nickelsburg

OCT 12 1961

Assistant Secretary Woodward, ARA
Miss Lucy T. Briggs, EST/B

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IGA:OLA - Brazil Desk - 1	Amconsul, Sao Paulo - 2
USIA:IAL - Fred Dickens - 1	Amembassy, Rio de Janeiro

(23)

Speaking fluent if heavily-accented English, Monsignor Motta said he and Monsignor Nickelsburg were special emissaries from Cardinal Motta of São Paulo to President Kennedy. They wished to inform the President that the Cardinal approves highly of his (the President's) policies. The Cardinal, however, was somewhat unhappy at receiving Mr. Woodward's letter of July 1961 saying that the President could not receive his emissaries, and, Monsignor Motta continued, he and Monsignor Nickelsburg wanted to remain in Washington until they could see the President. They had seen Mr. Lee White at the White House earlier on the same day.

Monsignor Nickelsburg, in very fluent English, then spoke of the difficulties which Catholic institutions in Brazil face in trying to get assistance from the United States. Both private and public sources, he said, decline to provide aid on the ground that (1) Church and State must be separate, and (2) aid should be given to non-sectarian schools. Both monsignori, in counterpoint, emphasized that in Brazil, 90% of the schools are affiliated with the Church, although their student bodies are denominationally mixed; and the Church schools, they stressed, are bulwarks against Communism.

Monsignor Motta said that the new Labor Minister, André Franco Montoro, is very close to Cardinal Motta, and is following his suggestions. He also stated to Miss Briggs, in a conversation which took place immediately before the meeting with Mr. Woodward, that the Brazilian Military would not have allowed President Goulart to assume the presidency had Cardinal Motta not

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OCT 13 1961

None

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vouched for him as a non-Communist.

Mr. Woodward thanked the Monsignori for their message to the President from the Cardinal and agreed that a problem exists with respect to aid to Church-supported institutions. The interview closed after a few pleasantries.

Comment: The Monsignori seemed primarily interested in stressing the Cardinal's political importance in Brazil, and in enunciating the general policy that it would be a good thing for aid to be given to Catholic institutions, which fight Communism. They demanded nothing, and nothing was promised them. In Miss Briggs' earlier conversation with them, the Monsignori raised the question of the availability of aid to the Catholic University of São Paulo under Public Law 480. Miss Briggs explained that approval for aid projects under that law must be obtained from the Brazilian Government, and briefly described the uses of different percentages of PL-480 proceeds.

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JOINT ICA/STATE MESSAGE
RIO DE JANEIRO 334

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SUBJECT –

REFERENCE – A. Recife Des. 63 - 9/13/61
B. Rabtel 865 - 9/30/61
C. Rcato 285 - 10/6/61
D. Rciea 208, 10/16/61

RIO ICATO 334 732.5-MSP/9-3061

1. In view of extreme political importance you attach to subject project in Pernambuco, you are authorized to proceed along lines proposed by Reftel with preliminary joint planning with appropriate GOB and State officials of a grant (IAPSP) project up to $2.8 million for Pernambuco basic elementary education.

2. This Preliminary joint planning authorization does not constitute firm commitment funds but will provide foundation for draft Prodg and B-1, both of which must be forwarded to AID/W for final approval.

3. In view limited fund availabilities USGM should recognize other projects will be displaced as result this action.

4. In developing Prodg important that terminal date be established, that Pernambuco officials make plans now to operate and maintain schools after U.S. assistance is terminated. Such self-help commitments as GOB officials can provide should be clearly stated in both documents. Final

AUTHORIZING OFFICER: J. W. Johnston, Jr./O/IA
DRAFTED BY: [illegible]
OFFICE: [illegible]/O/IA
PHONE NO. 837x
DATE: 10/24/61

ICA AND OTHER CLEARANCES
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approval will depend primarily on adequacy of such self help measures.

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FOREIGN SERVICE DESPATCH

FROM : Amconsul, CURITIBA.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

NO. 22

DATE October 2, 1961
OCT 11 1961

REF : Curitiba D-23 (10/3/61)

			DEPT	RM/R	REP	AF	ARA	EUR	FE	NEA	CU	INR	E	P	IC	ICA
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	REC'D 10-14			AIR 4	ARMY 4	CIA 10	NAVY 4	OSD 5	OCB	USIA	NSA 4					

SUBJECT: REQUEST FOR AND NEED FOR TECHNICAL ASSISTANCE BY GOVERNOR OF PARANA.

Recently I was asked by Paraná Governor Ney BRAGA if there wasn't some way USOM or the United States could lend him consultants who could advise him on agricultural economy, on the economic problems of development and industrialization, and on tax reform. CONF.

I had anticipated some such question for quite a while -- ever since it became apparent about three or four months ago that the governor's cabinet was so young and inexperienced in the technical problems of government and administration, that it was incapable of giving him the counsel he needed in order to carry out an ambitious reform and development program. CONF.

In answer, I described the Brazil-USOM coordination machinery at the federal level, explained how he should submit his request through Brazilian government channels, and discussed some current and past USOM projects which bear on Paranas immediate problems. UNCL.

In view of Brazil's critical political problems, the reactionism, personalism and venality of many of its political leaders, and the need for rapid social and economic changes, Governor Braga's request poses a special policy problem for the United States: Should we or should we not cooperate directly with non-federal entities? CONF.

The basic problems which caused us to try to funnel all of our aid activities through a single federal coordinating mechanism, and to withdraw from separate contracts with individual

cc: Amembassy, RIO DE JANEIRO (2)

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FORM 6-61 FS-439 GPO 912595

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ACTION ASSIGNED TO:	ACTION TAKEN	
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states wherever possible, certainly do not need to be repeated here. It is sufficient to recognize that forcing the Brazilians to participate in the national coordination of all USOM activities [redacted] removes from us the onus of difficult or incorrect priority determinations, and it pushes the Brazilians into a more effective marshalling of their own resources. O.U.O.

But what should be done when the capacity or good faith of the federal government comes into doubt, while at the same time there are good potential projects at the state level? Parana is a case in point. Here there is a reasonably honest government genuinely interested in promoting rapid but evolutionary and democratic socio-economic change. But the governor cannot even plan his programs adequately with his resources, which means he must go to the federal government (and/or USOM or some other foreign entity) to get help. The political chaos at the federal level indicates that Braga may not get the cooperation (e.g., in requesting USOM assistance) that he needs. If, as a result, Braga's program of government is ineffectual, so that either the corrupt (PSD, some PTB and UDN), excessively personalistic and reactionary (UDN, some PSD and PTB), or demagogically leftist (PTB, PSB) parties take over, then conditions will have been established which will make Parana a fertile area for revolutionary, anti-U.S. change. CONF.

NOTE: This problem has been discussed orally with Minister Saccio, USOM Director, Rio de Janeiro, and with Robert W. Herder, former Deputy Director. UNCL.

Edward M. Rowell
American Consul

AIR COURIER — CONFIDENTIAL

(HANDLING INDICATOR)

FOREIGN SERVICE DESPATCH

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732.5-MSP/10-361

FROM : Amconsul, CURITIBA. — 23 (NO.)

TO : THE DEPARTMENT OF STATE, WASHINGTON. — October 3, 1961 (DATE)

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OCT 11 1961

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	10-14-61			6	4	16	4	5		10	4					

SUBJECT: LAUNCHING THE "ALLIANCE FOR PROGRESS"

REF: Curitiba D-26 (12/12/60), D-50 (4/18/61), D-16 (9/1/61), D-22 (10/2/61); Curitiba Annual Educational Exchange Report (7/26/60) (included in country-wide report submitted by USIS, Rio); Memo from BPAO Curitiba to PAO Rio, "Students as Top Objective of USIS Effort", 8/31/61. Curitiba D-17 (9/1/61).

CONTENTS

I SUMMARY

II PROBLEM

III BACKGROUND

A. General
B. Institutional Problems
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1. Best Bets (Paraná Governor Braga, university students, church activists).
2. Less Attractive Partners (economic conservative groups, labor unions, run-of-the-mill politicians and parties, the "masses")

IV RECOMMENDATIONS

A. Public Affairs (USIS)
B. AID

V CONCLUSION AND ACKNOWLEDGEMENT

cc: Amembassy, RIO DE JANEIRO (2)

EMRowell/jtb (REPORTER) — CONFIDENTIAL

FORM DS-439 OFO 912696

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ACTION ASSIGNED TO	ACTION TAKEN	
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO AM/R

CLASSIFIED FILE

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I SUMMARY

We are seeking those Brazilian individuals and institutions with whom we can cooperate most effectively in achieving the objectives of the "Alliance for Progress". We are also examining our techniques, including public affairs techniques, for promoting this cooperation. UNCL.

Aside from exceptional persons scattered throughout the political and socio-economic spectra, there are only two important groups in the Curitiba Consular District which have the courage (real or potential), psychological receptiveness and influence to really contribute to the "Alliance for Progress". These are the PDC reform government of Parana, and university students. The Parana government is begging for our help, technical more than financial. (See D-22, 10/2/61). And in both Parana and Santa Catarina it is possible for us to influence the students to openly support the "Alliance for Progress" and inter-American solidarity. (D-16, 9/1/61, demonstrates why university students are important.) Specific recommendations, including public affairs recommendations, are made on page 8. CONF.

Unless we expand and revise our student oriented efforts, and unless we back the reform-minded, pro-Western elements of the Paranaan government and the PDC, the "Alliance for Progress" and "Pan Americanism" will fail in the Curitiba Consular District. CONF.

II THE PROBLEM

We must find projects, institutions and persons with whom we can cooperate immediately and effectively in order to achieve the social and economic objectives of the "Alliance for Progress". O.U.O.

We also must marshal strong Brazilian public support for the "Alliance". If we do not, then Soviet agents and misguided "intellectuals" will distort the Alliance's benefits to their own purposes. (See Curitiba D-26, 12/12/60.) Therefore, this despatch also recommends some ways in which our public affairs activities can back up or improve the effectiveness of the "Alliance" here. L. O. U.

III BACKGROUND AND ASSUMPTIONS

A. General

The references listed at the beginning of this despatch support the statements made here. Assuming that United States resources are limited, we must establish priorities among our possible partners in the "Alliance for Progress." 1/

1/ If we had unlimited resources we would give freely to every honest reform and development minded person or group in Latin America, regardless of the cost of projects or their potential for immediate results. UNCL.

One way to do this is to decide what is the long-run potential of each group or individual for (1) achieving the objectives of the "Alliance", and (2) cooperating wholeheartedly with the United States in this effort. Sections "B" and "C" below list the assumptions needed to rank people in the Curitiba consular district on this basis. CONF.

B. Institutional Problems

Economic and technical assistance cannot work unless its recipients exercise good faith in applying it to its intended purposes, and unless they work to the best of their ability with their own resources for those same purposes. This means that the psychological and moral attitudes of our Brazilian opposite numbers are as important in the success of the "Alliance" as are their other talents. 2/ O.U.O.

The absence of a sense of public responsibility and a lack of courage caused otherwise well qualified persons to be placed at the bottom of this priority list. L. O. U.

In insisting on public support for the "Alliance", we know that some Brazilians would commit political suicide if they were to stump the country in our favor. We cannot expect this. We can expect them to give us every positive boost possible so that our own pro-"Alliance" messages have effect. CONF.

C. Potential Allies for Progress

1. Best Bets

The best potential ally we have is Paraná Governor Ney Braga. He has as much courage as any politician, he is in a position of leadership, he is prominent in a party which is nationally known for its social and economic reform interests, he is attempting to clean up the vestiges of a corrupt government, he is trying to bring new and rational progress to Parana, he is very friendly to the United States, he is intransigeantly opposed to Communism, and he is becoming more and more aware of the subterfuges the Soviets employ in Latin America. In like manner, the Parana PDC is the only political party in the consular district which meets our needs in the

2/ Other important talents are: (a) a position of leadership, either economic or political; (b) the courage to act, especially in the face of seemingly superior opposed leaders or against an indifferent public opinion; (c) adequate background and technical training so as to be ableix to carry out a program; and (d), resources of their own, so as to have a strong personal interest in the objectives of a pgogram. O.U.O.

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"Alliance for Progress". CONF.

Braga and the PDC contrast markedly with the rest of the parties and most of the politicians in the district who are discussed below under the heading "Poor Prospects". There are individual exceptions to this rule 3/, and in certain special situations these exceptional persons would have to be considered on an ad hoc basis along with Braga's PDC and the students and churchmen discussed below. CONF.

We are fortunate that we can exercise considerable influence over university students if we really bend ourselves to the job. (See references at beginning of despatch, and recommendations below, page 8.) The importance of the students can hardly be exaggerated. The events of August 25-31 in Curitiba demonstrated their political power. (See D-16, 9/1/61). Furthermore, after graduation these students become the administrators, executives and leaders of every phase of the nation's life. CONF.

Only a very small percentage of the students (unfortunately the most energetic of all) is really committed to Soviet Socialism. 4/ Although the mass of students in this consular district is passive (even apathetic) politically, more and more individuals are beginning to perceive the dangers to themselves and Brazil which have arisen because they have allowed a vociferous, unrepresentative, far-left minority to lead them about. These awakening students could be made positively to support the "Alliance for Progress", and with them we may be able to stimulate some of their passive brethren into more positive interest. CONF.

3/ For example the Governor of Santa Catarina, Celso RAMOS (PSD), the President of the Santa Catarina Legislative Assembly, Estivalet PIRES (PSD), the President of the Santa Catarina PL, Martinho CALLADO, and the leaders of the state UDN, Irineu and Paulo BORNHAUSEN, are all extremely pro-U.S. in their thinking. In a properly controlled situation they could make very effective contributions to the "Alliance for Progress", especially in traditional, bourgeois Santa Catarina where social conditions do not demand the immediate reform and rapid economic advancement so necessary elsewhere in Brazil. CONF.

4/ I use "Soviet Socialism" purposely, because in local academic circles "communism" is already almost completely discredited (though it is trying to win back some adherents -- see D-17, 9/1/61). "Socialism" is not discredited, not even "Cuban Socialism". Students are traditionally radical and at least semi-socialist in their thinking. This is part of the maturing process. But they are also libertarian, and we can keep them safely in the Western camp by pointing up the distinctions between "Soviet Socialism" and democratic socialism. O.U.O.

The Church, both Roman Catholic and Protestant, is our last best bet in the "Alliance for Progress" area. It is the most determined and active antagonist of Soviet subversion in Brazil. L.O.U.

The Catholics are increasing their work among laborers and youth groups (See D-14, 8/30/61; and D-15, 8/31/61), and they have always participated actively in politics. From time to time Catholic social and economic activities will need, and should receive, our support and guidance. There are two great pitfalls in dealing with the Catholics (ignoring for the moment, any possible domestic repercussions in the United States). First, until the lesser prelates fully absorb the spirit of Mater et Magistra, they will oppose Soviet subversion more because of fear of eventual persecution than because of a basic interest in the social and economic betterment of the mass of people. Second, because of the poor quality of the priesthood in Brazil and the Catholics' traditional hyper-conservative, non-social outlook, students tend to distrust the church and its priests. This means we must keep any support we may give to the Catholics quite distinct from any public affairs activities we conduct in the universities. CONF.

The Protestant church in Brazil does not suffer from either of the drawbacks facing the Catholic church. The Protestants do suffer from an excessive plurality of missions and from the occasionally eccentric behavior of some splinter groups. One great advantage of the Protestants is that their mission workers are accepted and frankly consulted by students on the great social, political and economic questions of the day. Such missioners should receive our maximum support. L.O.U.

2. Less Attractive Partners in the "Alliance for Progress"

Surprisingly, the economic conservatives (most businessmen) are poorly suited to help us with the "Alliance". In Parana and Santa Catarina businessmen are so preoccupied with immediate returns on their investments, and still so suspicious of any attempted modifications of the social, labor or economic structure 5/, that they try to brake most proposed changes. Further, they lack the courage to openly engage in possibly unpopular political activities. (Firms in Parana, as in the United States, do not openly take sides on local political questions, and they wisely contribute to everyone's campaign chest.) Though the primary, stated objectives of the "Alliance for Progress" are social and economic, those objectives will not be attained without a political fight. In fact, our ultimate interests are as politically oriented as they are economically. Hence, a reluctance to wage political warfare is a grave drawback in anyone whom we may wish to have in our program. CONF.

5/ After all, a prime objective of the "Alliance" is a drastic broadening of the distribution of national income. (cont. bottom page 6)

In terms of mass voter potential and the necessary public opinion backing, one would think that we should concentrate as much effort on labor unions as on students. But in Brazil the unions are still the creature of the government (or, in a few rare instances, the creature of individual companies). Thus even if the rank and file were prepared to go along with us, most of their leaders would shape the unions' activities according to influences received from the government. Hence, since we have limited resources, we should proportion relatively less of our public affairs funds to unions, and more to those groups listed in Section C-1, above. We should, of course, continue our activities which are designed to create a sense of independence and responsibility within the union movement. In the long run this will be very valuable for us. Incidentally, the mass of the union membership is led, and does not assert itself in any way for anything except higher wages and more holidays. CONF.

Most run-of-the-mill politicans and their parties are also very poor prospects for cooperation with the "Alliance for Progress". The following run-down by states and parties shows why. This is a very serious problem since the politicians are in positions of command. CONF.

In Paraná the principal parties are the UDN, the PSD and the PTB. (The PDC is important because it controls the government, but it is a small party). There are many small, splinter parties which in the right circumstances can help us (e.g. the present incumbent PDC). But in the long run these groups survive as appendages of the major parties, so that in spite of their much greater internal cohesiveness and stronger ideological orientation, they do not offer too much hope of direct support for the "Alliance".

The Paraná UDN is so tied to the economic conservatives discussed above (page 5), and so racked with excessive personalisms, that it is incapable of effective action of almost any type, much

(footnote 5 from page 5 continued):

In a sense, this conflicts with the economic needs of Brazilian development, since much of the redistributed income will be diverted from capital accumulation, and no economy can grow without capital accumulation. But historically Brazilian capitalists have tended to put their increasing resources in non-developmental projects (e.g. northeastern sugar producers invest their profits in apartment buildings on Copacabana beach). In view of this regressive tendency, one of the most immediately effective ways to break the rich-get-richer and poor-get-poorer cycle, is to broaden the distribution of income, create more powerful consumer markets, and allow the increase in effective demand to stimulate the more productive allocation of remaining capital reserves. UNCL.

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less effective support for the "Alliance for Progress". 6/ The Parana Social Democrats (PSD) are so venal and corrupt, so concerned with personal problems, and so discredited by the 1956-61 Lupion government, that even their own national directors don't take them seriously. The Labor Party (PTB) and its ally the Socialist Party (PSB) are so infiltrated by communist sympathizers (communists in the case of the PSB), and their historical sources of political power are so closely linked to crypto-communist objectives, that these two parties are almost completely unsuitable for work with the "Alliance for Progress". Furthar, the Parana PTB suffers from the same excessive personalism and dissention as do the state UDN and PSD. CONF.

The situation in Santa Catarina is much the same as in Parana with the following exceptions: (1) The Santa Catarina PTB is not divided internally as is the Parana party and (2) the Santa Catarina PSD is an incumbent party and is free of the stigma of corruption. However, both parties and politicians are even more conservative and cautious in Santa Catarina than anywhere else in Brazil, which means that aggressive plans for progress take a back seat. On the other hand, except for certain PTB leaders, most politicians in Santa Catarina are extremely pro-Western, and they are willing actively and publicly to support United States positions based on the "Alliance for Progress" (possibly because the population in general -- though not university students in Florianopolis -- are also pro-Western). In Santa Catarina we can expect sound but limited results from well planned efforts at economic and technical assistance. CONF.

Last on the list of our "partners for progress" is the "mass" of people. Though it is for their benefit that the "Alliance" has been launched, the people in the Curitiba consular district are politically and economically mute, and are not in a position to contribute positively to the "Alliance". The people focus their attention on immediate day-to-day problems (wages, cost of living, certain personal liberties 7/). Sheeplike, they follow their self-appointed leaders. Ultimately, the people must be satisfied, but in seeing to those satisfactions within ~~a~~ politico-economic framework

6/ One sign of the UDN's weakness is that even when the party has a share in government (as in Parana at the present time, where it is in coalition with the PDC) it is unable to agree on a governing program and to execute that program. Because of this dissention, Gov. Braga is slowly eliminating UDN leaders from his secretariat. CONF.

7/ Working in Brazil, we must carefully distinguish in our own minds the difference between liberty (freedom of action on the part of an individual) and democracy (participation by all the people in government). Though liberties tend to become circumscribed in non-democratic systems, the truth is that the average Brazilian does not understand this. In fact, he does not even understand what democracy is, and not understanding it, we cannot expect him to become as excited as we ourselves do when democracy is threatened. We can worry the Brazilian about threats to his liberty, and eventually, as Brazil matures politically, we should be able to develop an appreciation of the relation between democracy and liberty. O.U.O.

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acceptable to ourselves, we will have to work with effective leaders. If the leaders work with us, the people will support us also, even if only passively. CONF.

IV RECOMMENDATIONS

A. Public Affairs (USIS)

1. We must strengthen our information program directed at students, especially university students. Although student-oriented programs already exist, they are inadequate, especially in comparison with the efforts exerted by Soviet Bloc agents in Parana and Santa Catarina (See Curitiba D-17, 9/1/61). Our student program should include: CONF:

(a) Massive distribution of USIS printed materials (e.g., at least 8-10,000 copies of each run in Parana alone). O.U.O.

(b) Production of a special, slick, color magazine similar to "Amerika", but especially for students. OUO

(c) Distribution of modern low-cost texts in the fields of law, economics and philosophy. The texts should emphasize economic and social progress of the Western countries in the past 50 years and should draw a marked distinction between the raw, rugged, laissez-faire "capitalism" known to Marx and the "capitalism with a conscience" or "social capitalism" which actually dominates most of the fully developed Western world. L.O.U.

(d) Assignment of competent, well-oriented, "sympathetic" (in the Latin sense) professors to key Brazilian faculties of Law, Economics and Philosophy. L.O.U.

(e) Continued exploitation of, and increased assistance to, student organizations sponsored by reliable, western-oriented groups, such as Protestant and Catholic student organizations. (See Curitiba D-59, May 16, 1961). CONF.

2. We must make greater personal efforts at convincing honest, reform-minded, non-student political leaders of our good intentions and of our genuine support for the ideals of the "Alliance for Progress". This is an obvious extension of the traditional representational duties of the Foreign Service. The emphasis, however, is on using all overseas Foreign Service personnel (USOM and USIS) in the task, and in concentrating on genuine reformers and even revolutionaries if they are anti-communist. If this concentration means temporarily neglecting some of our more traditional (but

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regressive, perhaps "reactionary") friends, we should take this risk. (Efforts along this line in Curitiba are noted sketchily in D-59, 5/16/61, and Item 8 of D-21, 9/29/61.) L.U.S.

3. We must seek out and give material and psychological support to independent, non-governmental groups which will back the "alliance". In many instances, this will mean working closely with church organizations. It also means reaching more people through our private business contacts. (We already work well with private businesses, especially American businesses, but sometimes firms are not as aware as they should be of the USIS materials we can give them. This is our fault, not theirs.) CONF.

4. Provided there are sufficient funds, we could easily increase the volume of materials we place in the hands of labor leaders and labor unions. (We have asked Lima to send us extra copies of the bi-monthly newspaper put out by ORIT, the Inter-American Regional Labor Organization.* We have an effective distribution arrangement with cooperating labor leaders who are interested in this non-radical approach to labor problems). L.U.S.

5. Our USIS materials must concentrate on the following ideas if they are to be effective with the thinking individuals who are opinion leaders here: UNCL.

(a) The U. S. politico-economic system reserves substantial economic and political power to the working masses. UNCL.

(b) There is an integral relationship between the ideological conflict of today and Brazil's own future. We must emphasize the fact that Brazil will lose as much as the U.S. (its liberty) if Soviet Imperialism succeeds. This is Brazil's stake in the East-West conflict. Too many responsible and influential Brazilians who are genuinely committed to Western ideology still think that such problems as Berlin and nuclear disarmament are of no real interest to Brazil except insofar as a failure of negotiations could turn the world into an atomic holocaust. 8/ U.U.

8/ This also ignores, of course, the many influential Brazilians who are not committed to any ideology and who short-sightedly view the East-West conflict only as an opportunity for immediate blackmail and profit. CONF.

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(c) People must be made to understand that with modern equipment a well trained and very small group of communists can take over Brazil. Even some of the most sophisticated Brazilians refuse to face this current fact of life. They base their faith on the partially irrelevant folk-myth that "Brazilians are not communistically inclined." C.U.O.

(d) The pseudo-neutral and pseudo-socialist mask ~~xxxx~~ of soviet-guided subversives must be bared. L.O.U.

B. Our AID Program

1. Where genuine western-minded reform governments exist, we must be willing to give them direct economic backing, even if it means entering into agreements with state or local governments. The present PDC government in Parana, even though inexperienced (in some fields almost incompetent), is a government which merits such support. We should back them with all the technical advice they will accept, as well as with more concrete forms of aid. If we cannot help these people then we may as well withdraw to "Fortress America." If the Parana reform government fails, it will be replaced by one of three substitutes, all equally disastrous to the "Alliance for Progress". 9/ Curitiba D-22 of October 2, 1961, lists some current requests and proposals of the Parana government. CONF.

2. Where genuine reform governments do not exist (as in Santa Catarina), then our aid must be channeled through reliable federal institutions to projects of special merit. CONF.

3. Our demand for implicit (if not always explicit) support for the "Alliance for Progress" is reasonable, and a natural condition of all aid. As President Kennedy has publicly stated, this support must be in terms of institutional reforms as well as psychological lip-service. L.O.U.

9/ (1) either a far-left government (a PTB-PSB alliance); or (2) a completely corrupt and venal government (a Duplonist PSD); or (3) a far-right, socially insensitive, regressive government (UDN). In the case of the UDN or the PSD, social and economic conditions would worsen to the point where an explosive drive to the left would become possible. CONF.

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V CONCLUSION

The USIS recommendations have been discussed with the BPAO, John P. LEE, and he concurs in principle. In fact, recommendations A.1-(b) and (d) were covered in a separate memorandum which he sent on August 31, 1961, to the PAO in Rio de Janeiro. UNCL.

Most of the material given here is not new to the Department. It is presented in somewhat different form than in previous Curitiba despatches. It refocusses the facts reported from Curitiba during the past two years so as to relate them directly to United States policy aims. UNCL.

Curitiba Despatches 33 (Jan. 17 1961), ~~xxx~~ 41 (Mar. 1 1961), 52 (Apr. 20 1961) and 59 (May 16 1961) outline some of our actions which are consonant with the recommendations made in this despatch. UNCL.

Edward M. Rowell
American Consul

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0869

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PRIORITY

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732.5-MSP/10-461

FOREIGN SERVICE DESPATCH

FROM : AmEmbassy Rio de Janeiro

278
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON

October 4, 1961
DATE

REF : Joint Emb/USOM Message

Dele. Location E87/13; Utilization - Luso 10-16-61.

OCT - 5 1961

For Dept. Use Only	ACTION	DEPT.
SS	ARA-4	RMIA-2 INR-10 ABP-1 E-7 ICA-4 B/PAC-5
	REC'D 10/10	INFO OTHER CIA-10 COM-10 TR-3 FRB-3 XMB-4 DAF-7

SUBJECT: Transmittal of Memoranda of Conversation

Attached herewith is Memorandum of Conversation of a meeting held September 29, 1961 in Prime Minister Tancredo Neves' office in Brasilia with Sylvio Pedroza, Sub-Chefe da Casa Civil; Leonard J. Saccio, Minister-Director, USOM; and Jacob Jackson, USOM technician stationed in Brasilia.

For the Chargé d'Affaires, a.i.

LEONARD J. SACCIO
Minister-Director

732.5-MSP/10-461

HAJ

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
OCT 12 1961

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Oct 30 1 19 PM '61

LJSaccio:ja, Min-Dir
REPORTER

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(Classification)

Page 1 of
Encl. No.
Desp. No.
From

MEMORANDUM OF CONVERSATION

DATE: September 29, 1961

PLACE: Prime Minister's Office, Brasilia

SUBJECT: Courtesy Visit to Brazilian Prime Minister

PARTICIPANTS: Prime Minister Tancredo Neves
Sylvio Pedroza, Sub-Chefe da Casa Civil (Chefe Cabinet PM)
Minister Leonard J. Saccio, USOM
Jacob Jackson, USOM/Brasilia

Copies To: Minister Bond
ARA (lcc) by Pouch
INR (lcc) by Pouch
Central Files

The meeting came about as a result of friendship between Sr. Pedroza and Mr. Jackson. Sr. Pedroza had asked for information regarding the public safety program under Mr. Jackson's supervision in Brasilia. Mr. Jackson supplied a brief book covering the federal and state programs being conducted by USOM in the public safety field. This book was shown to the Prime Minister by Sr. Pedroza and reportedly discussed with him for some forty minutes. The Prime Minister indicated a strong interest to know about the rest of the Point IV program. It was then suggested that I be invited to Brasilia for a visit with the Prime Minister. In preparation for this visit Sr. Pedroza requested a brief statement in writing covering the program. This was supplied on September 25. After the preliminary exchange of greetings I congratulated the Prime Minister on his victory (the Congress had just voted 178 - 11 to accept the government's program). Discussion immediately turned to the Point IV program. The Prime Minister expressed his full support of the program and his strong desire to see it grow dynamically.

He urged that the United States Government not be concerned by the internal political debates going on in Brazil. The long and continued good relationship between the two countries would remain firm.

There was some discussion regarding the organization within the Government of Brazil to administer the development program and the aid made available by the United States, other governments and from international agencies. The Prime Minister referred to the program that he had presented to the Congress the day before in which he had stated that a technical assistance institute would be established to coordinate the aid made available to Brazil. He again stated that he would give the Point IV program full support in accomplishing the purposes of assistance in the development of Brazil.

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Reference was made to Dr. Luiz Simões Lopes who is the present Point IV Coordinator. The Prime Minister stated that he intended to continue Dr. Simões Lopes and that he was to see him the following week. He characterized Dr. Simões Lopes as a person respected by all parties and emphasized the fact that he would be above political controversy.

The Prime Minister asked when Ambassador Gordon was due to arrive in Brazil. He was told that Ambassador Gordon would probably arrive on the evening of October 13. The Prime Minister had heard about the conference to be held in Lima and asked whether this indicated any urgent problems related to Brazil and Latin America. He was told the meeting was a regular meeting of representatives of the United States Ambassadors and Mission Directors for purpose of exchange of information and administration; that there were no special reasons for calling the meeting; that this was an annual affair to get the field representatives and Washington people together to discuss current policy and administrative problems.

The Prime Minister expressed his great pleasure in the appointment of Ambassador Gordon, stating that he was the best possible choice for the job. He indicated he knew him personally and thought highly of him as a person, made special reference to his ability as economist and scholar. He stated he looked forward to greeting Ambassador Gordon.

(The conversation took place in the Prime Minister's office where a number of other people sat waiting for their turn to talk to the Prime Minister. After this discussion Sr. Pedroza, Mr. Jackson and I continued the conversation in Sr. Pedroza's office. Sr. Pedroza stated that the Prime Minister's remark about Dr. Simões Lopes should be interpreted as a definitive decision that Dr. Simões Lopes would be continued as Point IV Coordinator. He requested that we advise Dr. Simões Lopes accordingly and that he visit Brasilia as soon as possible to talk to the Prime Minister.)

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FOREIGN SERVICE DESPATCH

FROM : RIO DE JANEIRO

286
NO.

October 9,
~~September~~ 1961

TO : THE DEPARTMENT OF STATE, WASHINGTON.

DATE
OCT 10 1961

REF : Transmittal Slip dated 8/2/61, ARA:EST/B.

			DEPT	RM/R	REP	AF	ARA	EUR	FE	NEA	CU	INR	E	P	IO	IC
55 For Dept. Use Only	ACTION	ARA-4		2	1							7	11			11
	INFO		OTHER	AGR	COM	FRB	INT	LAB	TAR	TR	XMB					
	REC'D 10/13			AIR	ARMY	CIA	NAVY	OSD	OCB	USIA	NSA					
				6	4	10	4	5		3	4					

SUBJECT: Request for U.S. Training in "Crimes Against the Treasury"

Neither USOM/Brazil nor the Embassy has any information as to the origin of the request submitted to the Department by the Brazilian Embassy (7/24/61) for training of 6 Brazilian officials in "subjects relating to the control and prevention of crimes against the Treasury", at specialized U.S. agencies and institutions. Point IV Public Safety Advisors here have received no requests as yet from the new specialized section of the Federal Police, now being organized, which is charged with such responsibilities.

In view of the uncertain political situation prevailing and to avoid possible misunderstandings with federal police authorities, USOM prefers not to pursue the matter directly with Brazilian officials at this time.

It is suggested the Department inform the Brazilian Embassy that the proper procedure for requesting specialized technical training under U.S. government auspices is to direct an inquiry to the Brazilian Government Coordinator for Point IV, Dr. Simões Lopes. Under these conditions USOM officials, in concert with the ~~Embassy~~ Coordinator, would give careful consideration to any such request. For the information of Washington offices only, USOM/Brazil's Public Safety Division has indicated that, pending necessary review in the context of priority needs, such training would come within the scope of the existing Point IV Public Safety project with the Federal Department of Public Security, although the U.S. technicians will not be working directly with this section of the federal police.

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
OCT 16 1961

Clearances:
JLingo-PubSafety (In draft)
JHSolana-Program (In draft)
RWHerder - D/DOM

For the Chargé d'Affaires, a.i.:
Leonard J. Saccio
Minister for Economic Affairs

Please no action
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1/9/62

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FORM 0-61 FS-439 GPO 912596

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ACTION ASSIGNED TO:		ACTION TAKEN	
NAME OF OFFICER & OFFICE SYMBOL		DATE OF ACTION	DIRECTIONS TO RM/R

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AIR POUCH
PRIORITY

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VR 110.402-ICA

FOREIGN SERVICE DESPATCH

FROM : Amcongen São Paulo — 121 DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. — October 11, 1961 DATE

REF :

File Location - DATE
EET/B: Jwatson - lwe
S/P-1 10-20-61.

19 For Dept. Use Only	ACTION	DEPT.
	AID-4	R/MR-2 ICA-11 D/FAC-5 B/IGO-3 E-7 INR-7
	REC'D 10-17	INFO OTHER ELA-10

SUBJECT: USOM Relations with Secretariat of Security of State of São Paulo

Relations between USOM personnel and the Secretariat of Security of the State of São Paulo have been satisfactory, according to Dr. Virgílio Lópes da SILVA, State Secretary of Security, in a conversation with Mr. J. Walter YEAGLEY, Assistant Attorney General of the United States. Mr. Yeagley paid a courtesy call at the Secretariat of Security during a visit to São Paulo October 7, 1961.

Dr. da Silva spoke highly of the USOM personnel with whom he has dealt, referring to them as dedicated individuals. He expressed a desire for an amplified program of cooperation.

He complained, however, that it has sometimes taken an inordinately long time for authorities at Washington to make policy decisions and approve new programs. He attributed this to bureaucratic delays. He indicated that he understands how such delays occur and that Brazilian bureaucracy is certainly no exception, but he emphasized that there are occasions when prompt action is essential.

For the Minister Consul General:

Scott Lyon

Scott C. Lyon
American Consul

732.5 MSP/10-1161

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DEPARTMENT OF STATE
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OCT 13 AM 10 50

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0874

DONALD C. BRUCE, M.C.
11TH DISTRICT, INDIANA

NICHOLAS T. KOHNENMACHER
ADMINISTRATIVE ASSISTANT

422 HOUSE OFFICE BUILDING
CAPITOL 4-3121, EXT. 5305

Congress of the United States
House of Representatives
Washington, D. C.

COMMITTEES:
EDUCATION AND LABOR
UN-AMERICAN ACTIVITIES

11TH DISTRICT OFFICE:
ROOM 311, FEDERAL BLDG.
INDIANAPOLIS

LOCAL SECRETARY:
MRS. ELMA BURNS
MELROSE 2-1551

October 19, 1961

62

ACTION
is assigned to

Hon. Brooks Hays
Assistant Secretary of State
for Congressional Relations
Department of State
Washington 25, D. C.

Dear Mr. Hays:

Enclosed you will please find a copy of a letter that I have received from one of my constituents, in which she requests answers to thirteen extensive questions on the subject of Brazil. I have been able to obtain certain of the information requested through the services of the Library of Congress, but I have been unable to secure answers to those questions relating to government personnel in that country.

Therefore, I am writing to ask you assistance in providing me with any material which might assist me in replying to questions 6, 7, 9, 11, and 12, as listed in Mrs. Branam's letter.

I am aware that the gathering of such information will involve a considerable amount of time, and therefore, I would mention that there is no special deadline for its receipt.

Thank you very much for your cooperation in this matter.

Sincerely,

Donald Bruce

Donald C. Bruce, M. C.

DB/gp
Enclosure

draft
10/30

(4)
10/23/61

461249

Letter and enclosures, if any, microfilmed by RM/R

032.5-MSP 10-1961 Mrs. Grace C. BRANAM

RECEIVED 1961

0875

283 Cecilia Way
Belvedere-Tiburon, Calif.
September 6, 1961

The Honorable Donald C. Bruce
House of Representatives
Washington, D.C.

Sir:

As a resident of Marion County, Indianapolis, Indiana, I am writing you for some information. I am president of our Women's Fellowship in the Congregational Church here and this year we are making a study of Latin America. I would appreciate it if you would supply us with a short report on Brazil for our study. I also have a few questions we would like answered concerning Brazil:

1. Has Communism been active in Brazil in the last two years? How?
2. Has Communist influence increased in Brazil in the last year?
3. What is the reason for the increase?
4. Has Communist trade increased in Brazil in the last few years? Why? Has U.S. trade there increased or decreased?
5. How many Americans are officially stationed in Brazil including all members of [redacted] Embassy, USIA, USIS, and the military? How many dependents are residing there?
6. [redacted] write and speak the language [redacted]
7. Why such a small number (if it is less than 60%)?
8. What is being done to properly train our people for serving abroad in the way of languages, customs, culture, religion, etc.? If there is a school, how many have attended it and for how long? What is the curriculum?
9. How many are attending school while living in Brazil and for how many hours a week?
10. Has the Christian influence increased in Brazil in the last two years?

0876

11. How many foreigners are employed by the United States in Brazil? Give a breakdown of their positions.

12. How much does it cost to support one American in Brazil? ---including all the funds required to maintain him, such as transportation to and from the overseas port, the cost of maintaining the PX and the commissary, the cost of transporting the supplies to the commissary and PX from America, pay, extra "hardship allowance", housing allowance, cost of supplying him with official local transportation (such as car, etc.), total cost of government-supplied movies and other entertainment, and cost of maintaining medical facilities and doctors.

13. What is the total amount of money spent in Brazil per year by the United States? ---- including foreign aid, militaryaid, grants, education, and cost of maintaining our people.

We thank you very much for your assistance.

Respectfully yours,

Lois Walker Braem

(Mrs. George E. Braem)

0877

November 3,1961

Dear Mr. Bruce:

We have received your letter of October 19 enclosing a copy of a letter from Mrs. George E. Branam of Belvedere-Tiburon, California. You asked for information to assist you in replying to several questions about United States Government personnel in Brazil.

It has been the policy of the Department of State for the last two years to provide intensive Portuguese language training for all junior officers of the Department of State and all officers of the International Cooperation Administration and the United States Information Service who arrive in Brazil for a tour of duty with no knowledge of the language.

During the quarter which ended March 31, 153 employees and dependents were taking part in post language training programs in Brazil for at least five hours per week.

On May 31 we had 466 local employees in Brazil. Local employees work as interpreters, economic specialists, political specialists, receptionists, nurses, secretaries, clerks, elevator operators, chauffeurs, messengers, mechanics, customs and travel specialists, accountants, budget and audit assistants, and technical assistants.

It cost an average of $17,300 to maintain and give program support to each American Department of State employee overseas in fiscal year 1960 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 Honorable
Donald C. Bruce,
House of Representatives.

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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 the buildings we own abroad.

An average figure for all countries and posts abroad is used because of variation 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.

The Department of State does not have Post Exchanges (PXs) and the commissaries are cooperative organizations operated at no cost to the Government. The Department does not furnish motion pictures for its employees nor recreation camp expenses.

If we may be of any further assistance to you, please do not hesitate to call on us.

Sincerely yours,

John S. Meghland 2d
Acting Assistant Secretary
for Congressional Relations

P/OPS:JRPanks:DF:crh P/OPS S/S-CR H 11.1.61

Info fr: FAE, CPC, P

S/S CR

NOV 2 - 1961 PM

NOV 3 1961

0879

ADDRESS OFFICIAL COMMUNICATIONS TO
THE SECRETARY OF STATE
WASHINGTON 25, D.C.

DEPARTMENT OF STATE
WASHINGTON

Rec'd Feb 9, 1962

LIMITED OFFICIAL USE

(EYES ONLY)

2/9/62

Dear Linc:

Thank you for your letter of December 9, 1961, with regard to the circumstances surrounding the signing of the Peace Corps Agreement with Brazil. As you may know, the Secretary received a letter on the same subject from Mr. Sargent Shriver, Director of the Peace Corps, shortly after I got your letter.

In view of the similarity between your comments and those made by Mr. Shriver, I believe that the Secretary's reply to him will be of interest to you, and I am therefore enclosing a copy with this letter. It will help to clarify the intentions of the Department in sending telegram no. 1600.

As stated by the Secretary to Mr. Shriver, this telegram was simply a reminder about the Circular 175 procedures, sent to call the Embassy's attention to the matter of principle described by the Secretary. It was not meant as a criticism of the result reached in signing the agreement with Brazil, the satisfactory conclusion of which is indeed a milestone in the Peace Corps program. Nor was it sent through lack of appreciation of the difficult position in which you were placed by the last-minute proposal of changes by the Brazilians.

For my own part I am sure that the Secretary's expression of confidence set forth in the letter to Mr. Shriver applies equally to you.

With best personal regards,

Sincerely,

Bob

Robert F. Woodward
Assistant Secretary

Enclosure:
Copy of letter to
Mr. Shriver from
the Secretary.

The Honorable
Lincoln Gordon,
American Ambassador,
American Embassy,
Rio de Janeiro.

Reg # 705-412

732.5-MSP/2-1962

PR 6 32.00-PC

CONFIDENTIAL

EST/B Encl 3

OPTIONAL FORM NO. 10
5010-104

UNITED STATES GOVERNMENT

Memorandum

TO : ARA - Mr. May

DATE: September 20, 1962

FROM : EST - Mr. Wellman HRW

SUBJECT: Financial Assistance to Brazil

We have discussed with AID the possibility of making financial assistance available immediately to Brazil through the advance of dollars against projects. There are several projects involving cruzeiro expenditures, for which we will need to provide dollars to generate cruzeiros.

The total of these loan projects is about $16 million.

Since the amount involved in each of these projects is less than $2.5 million they come within the Administrator's authority to approve, without reference to various loan committees. A brief description of the projects follows:

1. State Roads:

SUDENE has prepared, in cooperation with the NE state governments, loan applications to AID for nine state roads. The applications are fully documented, including engineering, contributions that will be made from the individual states, SUDENE, etc. SUDENE has even asked for and received bids on the construction. The total request to AID approximately $10 million. These projects are within the NE Agreement of April 13, 1962, and have received policy level approval both on the Brazil and US side.

Mr. Moscoso has indicated that he considers these projects of the utmost in importance and priority.

2. Cruzeiro Loan Projects:

In the NE Agreement it was anticipated, because of the limitations on PL 480 generated cruzeiros, that dollars would be used to purchase cruzeiros for certain projects. The following loan projects are ready to be implemented immediately. We could provide now the dollars to be used for the conversion into cruzeiros.

723.5-MSP/9-2062

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ARA : EST/B:RACrowley

cruzeiros. These cruzeiros could be placed in a special account and drawn as project agreements are signed.

(a) Water resources:

Over the next two years this project envisions 122 drilling rigs in operation, 1000 hectares irrigated, and test drilling of 75,000 hectares potential. Loan component $1.5 million of cruzeiros.

(b) Rural Community Electrification:

Improved electrification system for 150 communities; loan $4 million of cruzeiros.

(c) Community Water Supply

Water supply systems for 50 communities and 5 capital cities; loan component $2.5 million of cruzeiros.

3. Grant Projects Immediately Available:

(a) Marlaria Eradication:

We are prepared to immediately sign a Project Agreement for $3.8 million grant covering the malaria program.

(b) Resources Inventory:

$1 million in grants for aerial photography mapping of two-thirds of the Northeast.

Comment:

If a political decision were made to advance funds against the above projects, it would be possible to make the $10 million for roads available within 1 week. The remainder could be made available within two weeks. However, since the cruzeiros would probably not be needed immediately we would likely require a maintenence of value clause in our agreement with the GOB.

If we proceed normally in processing the above loans the disoursement will probably spread over a period of 3 months.with none of it becoming available prior to the October 7 elections.

ARA:EST/B:RHCrane:am

OPTIONAL FORM NO. 10
5010-104

UNITED STATES GOVERNMENT

Memorandum - CONFIDENTIAL

TO : ARA - Mr. Martin

DATE: October 22, 1962

FROM : EST - Mr. Wellman

SUBJECT: Financial Assistance to Brazil.

Brazil's new stabilization program for 1962 as outlined to Ambassador Gordon by Finance Minister Calmon does not appear to us to provide measures which could be considered adequate to serve as a basis for discussions on further balance of payments releases under the May 1961 package. The only new stabilization actions contemplated thus far by the present cabinet are to request a tax revision from Congress and to endeavor to reduce the potential increase in money supply from 53.8 to 40 percent. Action on a minimum wage increase, elimination of subsidies and increase of public service rates is to be postponed until January. Calmon believes the foreign exchange position is manageable for the remainder of 1962 if Brazil's $70 million worth of free gold is shipped to the U.S. for pledging against N.Y. bank loans. The 1963 target is to reduce the budget deficit to 300 billion cruzeiros; to hold the cost of living increase to 30%; and to collect 200 billion cruzeiros in new taxes.

The two most recent communications from Ambassador Gordon concerning financial matters indicate quite clearly that, despite the Ambassador's informing Finance Minister Calmon he considered such discussions inappropriate during the Presidential visit, Brazilian officials intend to raise the matter of balance of payments assistance with President Kennedy at that time.

We agree with Ambassador Gordon's conclusion that the new financial program as so far developed does not provide a basis for deviating from our policy as outlined in A-4h, i.e., we should not provide further direct balance of payments assistance until Brazil prepares and initiates implementation of a realistic stabilization program, but we should continue project assistance in the Northeast and other areas of Brazil as worthwhile projects are developed. We believe that under existing circumstances it would be in our interest to continue project assistance even though there will be instances where our participation in projects will provide indirect balance of payments assistance.

ARA:EST/B:PHCrane:alc 10/22/62

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WITHDRAWAL NOTICE

RG: 059 TAB #: 12

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LTR FR JOHNSON TO GORDON

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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FOIA RETRIEVAL #: 949515 01584 00013



AIR POUCH
PRIORITY

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732.52 1/8-1060

FOREIGN SERVICE DESPATCH

FROM : Amcongen, São Paulo — DESP. NO. 49

TO : THE DEPARTMENT OF STATE, WASHINGTON. — DATE August 10, 1960

REF :

DEPT OF STATE RECEIVED AUG 15 56

This Document must be Returned to the RMAR Central Files

For Dept. Use Only	ACTION	DEPT.
	RECD 8/15	INFO OTHER CIA-10

SUBJECT: Some Brief Biographic Information on Pascoal Ranieri Mazzilli

A São Paulo lawyer and PSD federal deputy from São Paulo, Pascoal Ranieri Mazzilli, as President of the Federal Chamber of Deputies temporarily assumed the Presidency of Brazil on August 4, 1960 during the five or six day absence of Juscelino Kubitschek.

Pascoal Ranieri Mazzilli is said to be the first native born paulista in fifty-four years to occupy the country's highest position. (The last President from São Paulo was Francisco de Paula Rodrigues Alves, the uncle of São Paulo Governor Carvalho Pinto, who served as President from 1902-1906. He was subsequently reelected in 1918, but died before he assumed office. However, he was not born in São Paulo. Washington Luis Pereira de Sousa, who occupied the Presidency from 1926-1930, was presented as a candidate from São Paulo, but was born in the State of Rio de Janeiro, and apparently had rather tenuous ties with the State of São Paulo.)

Mazzilli was born on April 27, 1910 at Caconde; the son of Domingos and Angela Mazzilli. He received his primary education in Caconde, his secondary education in Ouro Fino, and his Bachelor of Laws degree from the law school at Niteroi. At the age of twenty-two he was appointed federal collector at Taubaté. He later served in a similar position at Sorocaba. In 1940 the federal Minister of Finance, Sousa Costa, assigned Mazzilli to a commission appointed to study the reorganization, with a view to facilitating the collection of federal taxes, of the Departmento de Administração dos Servicos Publicos (DASP) (Department of Administration of Public Services). Mazzilli has also been a Director of the National Treasury, Secretary of Finance for the Federal District, a Director of both the Rio de Janeiro Savings Bank, and the city government's bank in the Federal District, as well as chief of the cabinet of the Minister of Finance. He was elected to Chamber of Deputies from São Paulo in 1958 and has always been one of its more prominent members, having served two terms as President of the Assembly.

732.521/8-1060 C/A

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Mazzilli has written a number of treatises on political, fiscal, and legal matters. He began his literary pursuits while he was assigned as a federal collector at Taubaté. He is married to Silva Serra Pitaquary Mazzilli. They have three children, Maria Luca, Luiz Guilherme, and Luiz Henrique. His language ability in addition to his native Portugese is not known.

This material has been taken from the press and other public sources.

William P. Cochran, Jr.
Consul General

Enclosures:

1. Photograph of Mazzilli taken from the Folha de S. Paulo August 4, 1960
2. Photographs taken from Correio Paulistano, August 10, 1960 Upper photograph - São Paulo Governor Carvalho Pinto (reading the manuscript), President Ranieri Mazzilli (seated), Vice Governor General Porfirio da Paz (in uniform).
3. Photograph taken from Estado de S. Paulo, August 10, 1960 Left to right, President Ranieri Mazzilli, Governor Carvalho Pinto, Governor of São Paulo, and President of São Paulo State Assembly, UDN State Deputy Abreu Sodré.

Please pass the originals to the Division of Biographic Information.

0887

AIR POUCH
PRIORITY

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FOREIGN SERVICE DESPATCH

FROM : Amcongen, São Paulo
159
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

October 19, 1960
DATE

REF :

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For Dept. Use Only	ACTION	REC'D	DEPT.
	EVA-7	10/31	RM/R-2 ARA-4
	INFO OTHER		CIA-10 USIA-10

SUBJECT: Photographs of Prominent Personalities

Attached herewith are a number of photographs selected from the São Paulo press, which may be of interest to the Department (particularly the Division of Biographic Information), and other government agencies. While most of the photographs are of paulista politicians, or public officials, some are photographs of governors-elect who have been in São Paulo recently to consult with Janio Quadros. Recent photographs of the President-elect, his wife, and family are included. Several are photographs of the respective Chiefs of the Air Force of neighboring South American countries who have visited the capital city recently. The various individuals are identified in the caption below the photograph. The Consulate General intends to furnish similar photographs of prominent personalities to the Department on a continuing basis. Only one photograph of each individual is enclosed; presumably the Division of Biographic Information will make copies available to other bureaus and divisions of the Department, or other government agencies, should it be considered desirable.

DEPARTMENT OF STATE
DIVISION OF BIOGRAPHIC INFO
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NOV 14 1960
AM 7,8,9,10,11,12,1,2,3,4,5,6 PM

William P. Cochran, Jr.
Consul General

cc: Amembassy Rio (without enclosures)

Enclosures: Photographs

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732.521/10-1960 HBS

1960 OCT 21 AM 11 15

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M-319
8-11-58

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FOREIGN SERVICE DESPATCH

FROM: Consulate General, São Paulo — 193 DESP. NO. — November 10, 1960 DATE

TO: THE DEPARTMENT OF STATE, WASHINGTON.

REF: São Paulo despatch 159, October 19, 1960

For Dept. Use Only	ACTION	DEPT.
	EMA-7	
RECD 11/22	INFO OTHER	RMA-2 ARA-4 CIA-10 USIA-10

SUBJECT: Photographs of Prominent Personalities

Attached herewith are a number of photographs selected from the São Paulo press or O Cruzeiro which may be of interest to the Department (particularly the Division of Biographic Information), and other government agencies. All are photographs of paulistas; some are of individuals closely associated with president-elect Janio Quadros; others are members of governor Carvalho Pinto's cabinet; São Paulo mayoralty candidates, state deputies, or political leaders. Only one photograph of each individual is enclosed. Should other copies be desired by other bureaus and divisions of the Department, or other government agencies, it is presumed that the Division of Biographic Information will make them available.

William P. Cochran, Jr.
Consul General

DEPARTMENT OF STATE 1960 DEC 5 PM 4 25 BIOGRAPHIC INFORMATION DIVISION

cc: Amembassy Rio (without enclosures)

Enclosures: Photographs

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AIR POUCH
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XR 732.11

FOREIGN SERVICE DESPATCH

Baker

FROM : Amcongen SAO PAULO JAN 24 1961 262 DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. January 20, 1961 DATE

REF :

For Dept. Use Only	ACTION	DEPT.
55	INFO	RM/A-2 ARA-4
REC'D 1/16	OTHER	CIA-10

DEPARTMENT OF STATE RECEIVED JAN 25 PM 2 48

SUBJECT: Some Biographic Data on Janio Quadros

D

At lunch today, I had an opportunity to have a long and uninterrupted conversation with Edison Machado de Sant'anna. While Sant'anna occupies no prominent position in the State Government, he is, to my knowledge, a close friend of Janio Quadros, Quintanilha Ribeiro, Pedroso Horta, Luis Alves de Carvalho Pinto, Faria Lima, etc. He mentioned that he had been a classmate of Janio's in the class of 1939 at the Law School here, Quintanilha Ribeiro being 2 years later. He talked about Janio quite freely, and while I do not take his words as gospel, they are nevertheless believed to have considerable validity.

He stated that Janio operates largely on the basis of personal relationships. He said that Janio is rather difficult to talk to at first, but once over the initial hurdle, he is very easy to get along with. He also volunteered that at the inauguration he would urge Janio to talk to Ambassador Cabot at the earliest opportunity, in order to establish this personal relationship.

He said that Janio thought for himself. If someone urged a course of action upon him -- saying, "This is what you ought to do", or, "This is what you should do" -- Janio would not be influenced. If five separate people should urge a certain course of action upon Janio, he almost certainly would not follow the proposal. On the other hand, if he was given an idea, in not too specific terms, without being told what he should do, he would mull it over and study it and was likely to adopt the course of action desired. He emphasized that Janio was "muito personalista" and that he "thinks he is a genius."

He said that Janio was "magoada" (bruised, hurt) towards the United States. He said it was difficult to know exactly why, but felt that this stemmed at least in part from the treatment he received on his first visit

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WPCochran, Jr./fmw
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0890

to the United States, when he went only to New York. He was then Governor-elect, and perhaps was not given the importance which he considered to be his due. (The parallel between this and his apparent unwillingness to go to the United States as President-elect is obvious.) At the same time, it was indicated that he wanted to be invited to the United States when he was a candidate. At this point, Sant'anna made it clear that Janio would not be interested in seeing, or even willing to see, Ambassador Cabot before the inauguration -- possibly for much the same reasons that he did not want to go to the United States after his election, lest the nationalists, communists, and his opponents in general should attack him as an "entreguista", going up to beg financial favors.

When the possibility of his going up as President arose, Sant'anna emphasized that Janio does not like or want banquets and formalities. Sant'anna said that he had traveled a great deal with Janio during the campaign and that Janio is very studious. He reads a lot and is well informed on an amazing variety of subjects. He understands and reads English but will not speak it.

According to the same source, Janio is direct. If a person approaches him on a subject in circuitous fashion, Janio will go straight to the point -- sometimes to the surprise and astonishment of Brazilians. I remarked that for this reason I thought he would get along with Ambassador Cabot, and Sant'anna enthusiastically agreed.

Sant'anna said that Janio was a terrific worker and, as Governor, often called people at 5 o'clock in the morning, asking them to come to his office at 6 for a conference. He worked long hours, and often, for lunch, has only a glass of "toddy", a drink like ovomaltine, never leaving his desk.

Sant'anna further commented that when Janio was Governor-e lect he waited until 5 days before he took office before announcing his cabinet; until that moment, not even the secretaries knew they were to be appointed. (There was a clear inference that he would do the same thing as President.) Sant'anna stated positively that Pedroso Horta would be Minister of Labor in the new cabinet. The object of the exercise in this instance would be to take over control of labor from Goulart. He pointed out that Pedroso Horta was particularly well qualified for this, because he had long been active in this field, being one of the original organizers of the PTN (Partido Trabalhista Nacional). I commented that I had heard Pedroso Horta mentioned as Minister of Justice, because of his extensive experience in criminal law, but Sant'anna, while conceding Pedroso Horta's intelligence and his ability, in talking to you, to almost read your mind, said the Minister of Justice was more political, adding with a smile that Janio would take care of the politics himself. He also commented that the new Secretary of State (Minister of Foreign Affairs) would be the man who was head of the legislative committee on foreign affairs. I did not catch the name. It

0891

might well have been Affonso Arinas, now a senator, but he did not use the word senator and neither Mr. Lyon[$] nor I is certain of the name.

Sant'anna asked if I knew Pedroso Horta, and when I said I did not, volunteered an offer to arrange a lunch some time this week with him and Quintanilha Ribeiro (he knew that I had invited Quintanilha Ribeiro for lunch today, and that he had been unable to come because he was in Brasilia making arrangements for the inauguration). It was agreed that this lunch would have to take place before Janio's arrival in Brazil next week, as the two men in question -- "the only two persons who can speak for Janio", in Sant'anna's words -- would thereafter be too busy.

[$]Also present at the conversation

William P. Cochran, Jr.
Minister Consul General

Copy to:
Amembassy Rio de Janeiro

0892

OUTGOING TELEGRAM

INDICATE: ☐ COLLECT ☐ CHARGE TO

Department of State

1960 JAN 19 PM 7 46

0 9 1 7 3

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Classification

SENT TO: Amembassy, RIO DE JANEIRO 825

For President's visit need biographic data on wife Foreign Minister Horacio Lafer.

HERTER

Herter HERTER

(V)

RR/R final 23

Drafted by: RFB:EAMcCormick:ed 1/19/60

Telephone Extension and Routing Symbol No.

Barbara Berdon, Chief

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Distribution: - Mr. Herter (in substance)
- Mr. Dillinger (in substance)

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JAN 19 1960 P.M.

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752.521/1-1960 CSJC

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INCOMING TELEGRAM *Department of State* ACTION COPY

42

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Control: 524
Rec'd: February 1, 1960
2:27 p.m.

Action
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Info
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G
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FROM: Rio de Janeiro (VIA POUCH)
TO: Secretary of State
NO: Unnumbered

DEPARTMENT OF STATE
DIVISION OF BIOGRAPHIC INFORMATION
RECEIVED
FEB 3 1960
AM 7,8,9,10,11,12,1,2,3,4,5,6 PM

Filed 2/3/60

732.521/2-160

PRESIDENTIAL VISIT

Reference: DEPTEL 825

Following biographic data on Maria Luiza de Salles Lafer, wife of Foreign Minister Lafer, furnished by Foreign Office:

Born in Sao Paulo.

Graduated from Notre Dame de Sion (Sao Paulo).

Descendant of late President Campos Sales.

Daughter of Colonel Moraes Salles and Maria Luiza Penteado Salles, owners of coffee plantation in Sao Paulo.

Married to Minister Horacio Lafer, two daughters of this marriage:

1. Sylvia Lafer Piva - married to Pedro Piva (2 children Horacio 2 years old and Eduardo 1 year old).

2. Graziola Lafer Galvao - married to Paulo Coutinho Galvao Resides permanently in Sao Paulo - Avenida Europa 21.

Address in Rio: Avenida Atlantica 910 - 6th floor.

President of Social Service Institution of Itamaraty, Rio de Janeiro.

President of the Social Service Institution of Klabin Industries.

President of the Dispensary QUOTE Nossa Senora do Jardim Europa UNQUOTE, Sao Paulo. Various

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-2- Unnumbered, February 1, from Rio de Janeiro (VIA POUCH)

Various travels abroad to Europe and the United States (5 times).

Languages: French (fluently)
English.

CABOT

NWBOND:maa
January 27,1960

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XR 732.111
832.51

FOREIGN SERVICE DESPATCH

FROM : AMCONSUL, Belo Horizonte

TO : THE DEPARTMENT OF STATE, WASHINGTON

DESP. NO. 26

DATE: 10 February, 1961

REF :

10 FEB 1961

DEPARTMENT OF STATE

ACTION
For Dept. Use Only
REC'D 2/18

INFO OTHER: CIA(2) USIA Army 4 Navy 4 NSA 4

SUBJECT: THE INAUGURATION OF THE NEW STATE GOVERNMENT

On January 31 the new State Governor, José MAGALHÃES PINTO, was inaugurated amidst due solemnity. Only on that day was the composition of his cabinet made known to the public.

FEB 24 1961

The New Cabinet

The reaction to the cabinet appointments has been generally favorable. The Republican (PR) and the Social Democratic (PSD) Parties, however, were somewhat disgruntled for different reasons, a reaction that was made clear when they failed to appear or be represented at the inaugural ceremonies in the Government Palace.

The immediate cause of discontent on the part of the PSD was the appointment of José Ribeiro PENA, a PSD dissident who ran against his Party's official candidate for State Governor, as Secretary of Transportation. The PR was disgruntled because it received no cabinet posts as it had expected.

This particular series of political wounds, however, appears to be superficial and will not in all likelihood leave visible scars. The new Governor has already had amicable talks with the heads of both the PSD and the PR. Also, the Governor invited for his first cabinet reunion the PR Vice Governor-elect, Clovis SALGADO. The reporting officer has been told by a politically well informed source that this invitation was in all probability a simple gesture of courtesy, and that the office of Vice Governor will remain in its customary obscurity. The PR continues hopeful of getting a cabinet post in view of existing plans for creating three more Secretariats.

The two outstanding characteristics of the cabinet as now constituted are its political partisanship and intellectual coloration. Of the eight Secretaries, five are drawn from the Democratic National Union (UDN), one is non-political -- the Secretary of Health, who is the Governor's personal physician -- one is a PSD dissident, and the other is a member of the small Popular Representation Party (PRP), which supported Magalhães Pinto. The majority of the appointees are or have been intimately engaged in intellectual pursuits, either as university professors or as writers in their respective professional fields.

Cc:Political Section/Embassy
through Counselor for Consular Affairs

EAdaSilveira:kfk
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Of the eight cabinet posts, one, that of Labor, is a new post and had not been previously filled. The cabinet posts now in existence are as follows: 1) Interior, 2) Public Security, 3) Finance, 4) Education, 5) Agriculture, 6) Transportation, 7) Health and Social Assistance, and 8) the newly created one of Labor.

All indications so far are that the new Administration regards the United States with a friendly attitude. This is the view of several members of the Consulate staff and U.S. Point IV Technicians who have had dealings with the Governor and a number of the Secretaries.

The Inauguration Speech

Governor Magalhães Pinto's inauguration speech was brief and well received. It emphasized the will to implement the promises made during the campaign and a determination to encourage peace and harmony among all factions so that all forces might be put to use in productive enterprise.

Although the Government faced a situation in which poverty and ignorance prevailed, the Governor said, the State wanted to march forward from this condition of underdevelopment and proceed further with its industrialization at an ever increasing pace, particularly in the sectors of electric power and heavy industry. The elimination of poverty and ignorance, however, he continued,required the wide dissemination of education and health facilities, an objective on which his Administration would concentrate its efforts. He pledged a determined and just government based on the cooperation of all and for the welfare of the entire community.

Biographic Sketches

Biographic sketches of the cabinet Secretaries and of the non-cabinet posts of Secretary of Government and Chief of Press Information in the Palâce of Government are submitted below.

1. Secretary of the Interior

Osvaldo PIERUCETTI -- UDN. Born in 1909. After receiving a law degree from the University of Minas Gerais in 1932, he practiced law in a number of interior cities in the States of Minas Gerais and Goias. Now the president of the UDN State committee, he has been a militant member of the UDN since 1945, having occupied positions of increasing responsibility in the Party machinery. He has been deputy in the State Legislative Assembly since 1951, having been minority leader and vice president of the Assembly. He was reelected twice, in 1954 and in 1958. He is said to be the UDN leader closest to the Governor and second only to the Governor in the Party hierarchy in the State. He is married and has three children.

0897

2. Public Security

José de Faria TAVARES --UDN. Born in 1914. Received a law degree from the University of Minas Gerais in 1938. He is a professor at the University and enjoys a high reputation as a sociologist. In the course of his academic life he has participated in several examination boards and lectured frequently in a number of universities throughout Brazil. He has played a leading role in the UDN since 1947, having been a deputy in the State Legislative Assembly. He was one of the three people responsible for the organization of the campaign that culminated in the election of Magalhães Pinto. One of his first acts as Secretary was to order the distribution of blankets among the inmates of the Correction House. He is married and has four children.

3. Finance

Olavo BILAC PINTO --UDN. Born in 1910, he is also a graduate of the University of Minas Gerais Law School, where he soon 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 forced out of 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. He was until his present appoitment Federal deputy for the State of Minas Gerais and is considered an authority in financial matters. He is married and has several children.

4. Education

Oscar Dias CORREIA --UDN. 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 a little English. He has written at least one work of fiction and a number of books in 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 the State on the UDN ticket, an office he still held until his present appointment as a result of reelection in 1958. He was one of the three people responsible for the organization of Magalhães Pinto's campaign. He is an admirer of the United States which he has visited, saying that the two things that impressed him the most in that visit were the Tennessee Valley Authority and the public school system. He is married and has two children.



5. Agriculture

Abel Rafael PINTO --PRP. Born in 1914, he received a law degree from the School of Law in Juiz de Fora, State of Minas Gerais, in 1959. He holds a professorship in the field of administration in the School of Economic Sciences in Juiz de Fora. He entered the PRP, the Integralist Party, in 1935 and has been active in the Party since then. He has been particularly interested in municipal development, which also constitutes one of Magalhães Pinto's main interests. He was until his present appointment a Federal deputy, having been elected in 1958. He is married and has 13 children.

6. Transportation

José Ribeiro PENA --PSD dissident. Born in 1900. He received a degree in land surveying in 1923 and in law in 1936 from the University of Minas Gerais. He began then practicing law in the interior of the State and moved in 1941 to Belo Horizonte as a lawyer for the Minas Gerais Transportation System and later for the Minas Gerais Production Bank, a position which he still holds. He started his political career early in life as a city alderman and president of a municipal chamber. In 1946 he was elected State deputy on the PSD ticket and subsequently State Vice Governor. Reelected in 1950, he held the presidency of the State Legislative Assembly for five years. Upon taking office in 1955, Governor Bias Fortes - appointed Ribeiro Pena as Secretary of the Interior, a position he held until 1957. From 1958 to 1959 he was Secretary of Public Security, a position he left when the PSD convention nominated Tancredo NEVES as the Party's candidate for Governor of the State. Unhappy with the Tancredo Neves' candidacy, which he desired for himself, he struck out on his own and ran for the office of Governor on the Christian Democratic (PDC) ticket against Tancredo Neves. Although he received a small number of votes, his dissidence demoralized PSD ranks and contributed to the election of Magalhães Pinto. He is married and has three children.

7. Health and Social Assistance

Roberto Ribeiro de Oliveira RESENDE -- no political affiliation. Born in 1917, he received his M.D. degree from the University of Minas Gerais in 1944. He is the new Governor's private physician, forms part of the board of physicians in the State Civil Servants' Institute of Social Care, and has one of the largest clienteles in Belo Horizonte. He says that he will now leave his private practice and devote himself entirely to the duties of Secretary of Health. He has never belonged to any political party. Only during his student days did he play at politics, being elected to the student government of the Medical School. He is especially fond of sports and plays what he calls "living room" football. He says that approximately a year and a half ago he felt the need for a change in the government of the State and the urge to do something to implement this desire. As a consequence, he practically left his clientele



to campaign in the interior of the State for Magalhães Pinto. He visited the United States briefly in December 1960. He is married and has four children.

8. Labor

Edgar Godoy da MATA MACHADO --UDN. Born in 1913, he received his high school education in a Catholic seminary and was graduated from the Law School of the University of Minas Gerais. Professionally, he has been a teacher and newspaper reporter and editor. He holds professorships in the Schools of Law and Economic Sciences of the University of Minas Gerais, has worked for a number of newspapers, and was one of the founders of the Roman Catholic O Diario, the second largest daily in Belo Horizonte. A practicing Roman Catholic, he has always maintained close relations with labor circles in the State. He was head of the Civil Household in the former State Government of the now UDN Senator Milton CAMPOS, leaving that position when he was elected State deputy on the UDN ticket. He is the first Secretary of Labor. He is married and has seven children.

9. Secretary of Government

Paulo Campos GUIMARÃES --UDN. Born in 1918, he entered government service at the age of 14. He was graduated from the Law School of the University of Minas Gerais in 1944, where he holds a professorship. He has taught modern history and law. He was at one time acting State Secretary of Finance and was until his present appointment serving his third term as State deputy. He enjoys the reputation of having an unshakable jovial nature. He is married and has one child.

10. Chief of Press Information

Milton FERNANDES --no political affiliation. Born in 1927, he is a journalist by profession. Although he was graduated in law from the Catholic University in Belo Horizonte in 1954, he says that "unfortunately, he can count the number of his clients on his fingers". He was very active in Magalhães Pinto's campaign, and his appointment as press officer caused no surprise. He has visited the United States, Cuba, Argentina, Venezuela and Canada. His visit to Cuba took place during the Fidel Castro regime when he accompanied Jânio QUADROS to that country. He is a sincere friend of the United States, which he visited in 1960 as a grantee in the Latin American Journalism Program. He is also a member of the Binational Center board of directors in Belo Horizonte. He is married and has two children.

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

Enclosures: 1 att
Newspaper pictures of members
of the State Government.

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FOREIGN SERVICE DESPATCH

FROM : Amcongen, São Paulo — DESP. NO. 328
TO : THE DEPARTMENT OF STATE, WASHINGTON — DATE March 17, 1960
REF : Amcongen Despatch No. 363, January 30, 1959

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	IRC-8	INFO	RM/R-2 ARA-4
	REC'D 3-25-60	OTHER	CIA-10

SUBJECT: Luciano Vasconcelos de Carvalho; Biography of

The composition of Governor Carvalho Pinto's state secretariat, which has remained unchanged since it assumed office on January 31, 1959, was suddenly modified on February 4 when Antonio de Queiroz Filho was replaced as Minister of Education by Luciano Vasconcelos de Carvalho. Queiroz Filho, the national head of the PDC and a former Federal Deputy, was reported to have resigned as a result of pressure from the IBDN. (Biographic information pertaining to the members of the original cabinet was submitted by the Consulate General in the despatch under reference.) The Governor had apparently not anticipated this development for he is reported to have declared, during the recent first anniversary celebration of his inaugural, that his cabinet would remain unchanged during his term of office.

The new incumbent, Luciano Vasconcelos de Carvalho, although he has been politically active, having served as the Secretary of the Regional Organization of the PDC for some time, has not held public office previously. He is a founding member of the PDC. It is understood that he was selected from a list of alternative names submitted to the Governor. Therefore, his selection came as a surprise since others named on the list were considered to have a much better chance than he.

Personal data: Born July 4, 1915 at Fortaleza, State of Ceara; son of Nilo de Souza Carvalho and Julia Vasconcelos de Carvalho; married Zaira Rosado; three daughters, Maria Christina, Ana Maria, and Maria Isabel.

Education: Colégio São Luis, São Paulo; University of São Paulo; graduated from the University of Brasil, Rio de Janeiro with a Bachelor of Juridical and Social Science degree.

Career: He has served as the Director of the Sindicato de Lojistas (an association of stores); Director of the Commercial

732.521/3-1760

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Association of São Paulo, and as Director of the Federation of Commerce of São Paulo. He is a Vice-President of one of the largest magazines published in São Paulo, the Clipper; President of the Dr. N. G. Payat Laboratories of Brasil; and a founding member, Director, and Counsel of the Institute of Social Right. He was formerly Professor of Economics at the Social Service School of Catholic University.

Publications: The new Secretary of Education is the author of a number of economic studies, and a booklet pertaining to the structure of the PDC entitled Who is to Blame.

Other Interests: Vasconcelos de Carvalho owns a large farm called Fazenda Marambaia in Vinhedo Municipio (County); is a member of a prominent tennis club in São Paulo, and actively participates in two organizations interested in raising and breeding Holstein cattle.

Languages: He speaks English and French in addition to Portuguese.

Comment: The new Secretary is a scion of an old and respected Brazilian family. He would seem to have the necessary qualifications to make a success of his new assignment. Nabamtino Ramos, publisher of Folhas de São Paulo , privately expresses the belief that the new Secretary of Education will have an outstanding success -- a very able man. The publisher also doubts any misunderstanding between Queiroz Filho and the Governor, suggesting instead the following possible reasons for resignation; a) more job applicants than jobs generates disgruntled office seekers -- bad for a future candidate for office, b) less opportunity to shine as against his possible future opponent for the Governorship in the Secretaryship of Agriculture, i.e. José Bonifacio Coutinho Nogueira, c) dislike of administrative and penchant for political activity. The third explanation seems most plausible, the second least plausible.

Sources: Officers of the Consulate General; newspapers, and published sources, and José Vasconcelos, a Foreign Service Local.

William P. Cochran, Jr.
Consul General

Enclosure:

Photograph of Luciano Vasconcelos de Carvalho which may be of interest to the Division of Biographic Information.

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0902

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FOREIGN SERVICE DESPATCH

FROM : Amconsul, RECIFE DESP. NO. 28

TO : THE DEPARTMENT OF STATE, WASHINGTON. DATE January 11, 1961

REF : Amembassy, Rio Telegram No. 658 of December 31, 1960.

	ACTION	DEPT.				
55 For Dept. Use Only	REC'D 1/20	FOR INFO	OTHER CIA-10	OSD-5	[illegible]	FBI-[illegible]

SUBJECT: THE KEY MEN OF SUDENE (The Superintendency for the Development of the Northeast)

JAN 30 1961

In accordance with the Embassy's request, this report regarding SUDENE personnel has been prepared. The evaluation is not yet completed. Yet to be received are certain promised reports from Brazilian sources that should give more detailed information about key members of Superintendent Celso Furtado's SUDENE team. However, since the matter of timeliness is important (and a courier is available), the following information is being reported now.

A. Celso Furtado

1. Political leanings: A declared neutral. He professes to be apolitical. His immediate aides think that he will continue to ramrod SUDENE for at least two more years under the Quadros administration despite his close working arrangements with outgoing President Kubitsche k.

2. Ideological leanings: Childhood friends, university colleagues, co-workers, and conservative adversaries all concur that Furtado is or has been a Marxist and is still socialistic in his beliefs and his economic orientation. Although some businessmen consider him to be a Communist leading a communist cell that is called SUDENE, most observers think that he has mollified his former harsher Marxist doctrines. Co-workers, Brazilian and UN, say that he is charting an economic course left of center and is opposed to either extreme - left or right. His background with the UN and ECLA is already known. One of his former ECLA colleagues with whom he still corresponds is Regino Botti, the present Cuban Economic Minister. Furtado is invariably described as a Nationalist; he is also a Regionalist. He is certainly not considered to be pro-American although he is quite willing to work with Americans in SUDENE and in the Northeast. Nor is he, at least publicly, anti-American. He is considered to be a brilliant person, not only as an economist but as a person with a wide range of abilities, interests, and achievements. He is an idealist - devoted, hardworking, and honest.

B. The Team

Good economists in Brazil are not numerous. SUDENE, according to a university economics professor, has one outstanding economist, a couple of capable men, and a flock of young, inexperienced, and not particularly gifted

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B. (continued)

economists. Most of the latter, he instructed at the University of Recife. UN technicians invariably complain about the administrative chaos of the organization. Most of their frustrations arise because no one in SUDENE can or does make a decision other than Furtado, who is a busy man and a frequent traveler. Furtado, highly respected and often idolized by his staff, is a difficult person with whom to argue; he is always certain that his predetermined views are correct. The result of this is that SUDENE today is little more than a mirror of it chief. His assistants are inclined to always agree with Furtado.

The Directors of the Executive Secretariat, all picked by Furtado, are:

1. Administration: Dr. Mario Magalhães da Silveira. A physician, Dr. Magalhaes is normally an employee of the Ministry of Health, which he represents on the Deliberative Council, the supreme organ of SUDENE. One of the older members of the organization (born on January 2, 1905 in Alagoas), Dr. Magalhães has a reputation as a strong Marxist but has been very cooperative with several local industrialists dealing with SUDENE. Dr. Magalhães has held several posts in Rio de Janeiro (Chief of the Sanitary Administration Section, Port Health Service Inspector, representative on the National Council of the Rural Social Services for the Ministry of Health) and formerly headed the Sergipe State Health Department.

2. Special Studies and Projects: Luis Leite de Vasconcelos. Dr. Vasconcelos, now a Brazilian citizen, was born in Portugal and studied in Paris before coming to Brazil in 1945. Until employed by CODENO, the predecessor of SUDENE, Vasconcelos had resided in Rio de Janeiro and had worked with the Getulio Vargas Foundation and the Confederation of Industries. He has reportedly authored some outstanding demographic studies. About 40 years of age, multilingual and urbane, Vasconcelos often acts as Furtado's diplomatic agent. His economic philosophy has been described as mildly leftist.

3. Natural Resources: Jadir Andrade. Dr. Andrade is a young (early 30's) product of the University of Recife and the Bank of the Northeast. From the interior of Paraiba, he is genuinely interested in the plight of the underprivileged rural masses. At times emotional, he is open minded and likes to discuss (debate) the economic problems of the Northeast. Sincere, dedicated, and honest, he is a Nationalist but not a Communist.

4. São Francisco Valley Projects: Estavam Strauss. An agronomist, in his 50's, Dr. Strauss is highly respected by his colleagues as a brilliant and dedicated technician. He has a solid grasp of not only agriculture but also of chemistry and mechanical engineering. He is still a professor at the Rural University of Pernambuco as well as continuing to be an advisor to CODEPE, the Pernambuco economic planning commission, and to a Paraiba latifundium. He was formerly employed by a U.S. irrigation and spraying equipment company and has visited the U.S. several times (1949 to 1957). He trained at salinity laboratories in Riverside, California. He is an admirer of American techniques and know-how but is a critic of other facets of the U.S. economic system.

0904

B.4. Strauss (continued)

Still a strong leftist, he has often been accused of being a Communist, but following the Hungarian revolt he disavowed any preference for the communist system and is now definitely anti-communist.

5. Substitute Superintendent: Francisco Oliveira. Another young (about 30) product of the University of Recife, the Bank of the Northeast (in Ceara), and CODEPE, Dr. Oliveira is the quiet non-committal person who sits in the Superintendent's office when Furtado is lobbying in Brasilia or Rio de Janeiro. Pictured as lacking practical experience, he is not a strong figure in SUDENE. He is considered to be a capable worker if not a brilliant economist.

6. Though not titled as a Director, the Secretary of the Deliberative Council, Dr. Osmario Alifait Lacet, is a hardworking member of the team and is the legalist of the organization as well as the warden of the assorted state governors, generals, and ministers' representatives that make up the Council. Dr. Lacet, born in Sergipe in 1920, is a veteran journalist (president of the Brazilian press association for eleven years) and a combat veteran of World War II (as is Furtado). His old newspaper editorials are strongly anti-communist. Although a Nationalist (but more akin to what was formerly termed a patriot), he is friendly to the U.S. He avers that the Communist Party is silently opposed to SUDENE because it knows that SUDENE, if successful, will eliminate the particularly favorable breeding ground for economic, political, and civil unrest in the area. He further declares that there are no Communists on the SUDENE payroll.

7. Other Directors are Joaquim Ferreira (Technical Assistance and Personnel Training) and Jose Boaci Tencrio (Emergency Action). Information regarding these men will be reported later.

Ernest S. Guaderrama
Ernest S. Guaderrama
American Consul

2 cc - Amembassy, Rio de Janeiro
1 cc - Director, USOM/Brazil

0905

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FOREIGN SERVICE DESPATCH

FROM : Amembassy RIO DE JANEIRO 785
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. March 8, 1961 MAR 10 1961
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REF :

55 For Dept. Use Only	ACTION INR-7	INFO	DEPT. Am/R-2 ARA-4 MAR 17 1961
	REC'D 3/13		OTHER CIA-10

SUBJECT: TRANSMITTING PICTURES OF MEMBERS OF THE QUADROS CABINET

Enclosed are pictures of eight of President Quadros' thirteen cabinet members. The Embassy and Consulates are at present preparing detailed biographies of the Ministers. A complete CBD on Agriculture Minister Romero Cabral da Costa has already been submitted by Consulate Recife.

Pictures of the following Ministers are enclosed: War, Marshal Odilio Denys; Navy, Admiral Silvio Heck; Health, Eduardo Catete Pinheiro; Mines and Energy, João Agripino; Education, Brígido Tinoco; Agriculture, Romero Cabral da Costa; Justice, Oscar Pedrosa Horta; Finance, Clemente Mariani. The Embassy is attempting to secure the remainder.

For the Ambassador:

Thomas M. Tonkin

Thomas M. Tonkin
Third Secretary of Embassy

APPROVED:

Philip Raine

Philip Raine
Counselor of Embassy
for Political Affairs

Enclosures:

Photographs as described above.

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1961 APR 12 PM 4 02

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SENT TO: AmEmbassy, Rio de Janeiro

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FROM COMMERCE 732.521/3-2961
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Drafted by: JLBarrett/EA:mjc - 4/11/61 [redacted] Approved by: E:REP:MHMitchell:bk 4/12/61

Communications Industries Div., EDSA

R.H.Crane EST/State, Rm. 6256 NS/E (3643) (info)
G.W.Russell, EEA/State, Rm. 4917 NS/E (5057) (info)
R.T.Black, TD/State, Rm. 4838E NS/E (2714) (info)

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1961 MAR 29 PM 6 20

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Reply soonest biographic data Doctor J. de Murinelly Crane Cirne, Brazilian civil servant from Rio; said represent Brazilia Intercontinental Airport Authority in US; may be with NOVACAP. Also request any available information.new National Telecommunications Council.

Bowles
acting
(mtm)

BOWLES

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G.W.Russell, REA/State, Rm. 4917 NS/E (5097) (info)
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BI - Miss Sommers in advance

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0908

INCOMING TELEGRAM Department of State 732.531/4-1261

CONFIDENTIAL
Classification

58-51
Action
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Info
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Control: 7332
Rec'd: April 12, 1961
4:49 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1378, April 12, 4 p.m.

PRIORITY

DEPTEL 1331.

Unable identify with certainty Murinelly Craneciane, but strong indications he acting as some kind personal representative of Sergio Bernardes, architect responsible for Brasilia international airport project. Appears have no official capacity.

Embassy has made several unsuccessful attempts secure information from Bernardes who appears to be deliberately unavailable. Embassy wishes note according responsible Air Ministry officials Bernardes project has no official approval and no ministry decisions yet made on design or even location airport.

Proposal regarding telecommunications council reported Embassy despatch 200, March 30.

CABOT

MLJ/14

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Classification

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0909

W I T H D R A W A L N O T I C E

RG: 059

TAB #: 14

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Document Ser.#:

DESP 387 FR SAO PAULO TO STATE

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WITHDRAWN: 02/24/95 by: JAS

FOIA RETRIEVAL #: 949515 01584 00014

W I T H D R A W A L N O T I C E

RG: 059 TAB #: 15

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FOIA RETRIEVAL #: 949515 01584 00015



RMR

Hand carried by R.H.Crane, EST/B, to The White House for Mr. Goodwin without covering memorandum. 5/15/61

Biographic Sketch of Father Antonio de Oliveira Godinho

Father Godinho is a member of the Legislature of the State of São Paulo, Brazil, to which he was elected in 1958. He belongs to the National Democratic Union Party (UDN) which supported Janio Quadros in the 1960 Presidential election. Father Godinho enjoys a close political and personal relationship with President Quadros.

The eldest of eight brothers, Godinho was born on January 23, 1920 in Minas Gerais. He received his doctorate in Canon Law, Philosophy and Theology at the Pontifical Gregorian University at Rome. Since then he has taught Social Philosophy and Philosophy of the Middle Ages at the Catholic University of São Paulo, and has taught also at a number of Catholic secondary institutions, particularly a Catholic girls' school, Lucidra. In addition, he has directed a newspaper in his Diocese and attended a Seminar of Rural Welfare at Rio de Janeiro under the auspices of the United Nations. Father Godinho spent ten years in Italy (1936-46) and has also visited Spain, Portugal, Lebanon, Syria, Jordan, and North Africa. He has written books on Catholicism, Communism, and other matters, and speaks fair English.

Father Godinho is the recipient of a 30-day Foreign Leader Grant under the auspices of the Department of State. He is interested in observing and studying school programs, seeing Congress in operation, and meeting officials of the Executive and Judicial branches of the government.

732.5721/5-1561

RL/R
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Rev.
Cat. jck

May 15, 1961

ARA:EST/B:LTBriggs:jck 5/15/61

0912

INCOMING AIRGRAM *Department of State* [redacted]

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PAGE 1 OF 1 PAGES

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Date Sent: JUN 13 1961
Rec'd:

FROM: CURITIBA

TO: Secretary of, SSRHENTON

JUN 19 2 19 PM '61

NO: G-7

REPTED Info: AmConsul GENEVA - G-1

The Department is requested to rush a synopsis of bio raphic information in its files on Brazilian Labor party senator Wilson FADDLAN to the Consulate General at Geneva. FADDLAN departs here June 10 for Geneva as part of the Brazilian delegation to the International Labor Organization.

Restricted classified courier service from Curitiba rakes timely transmission of this bio raphic information direct fro Curitiba impossible.

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EMRowell

1961 JUN 21 AM 10 54

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JUL 13 1961

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732.521/6-1361

DES

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0913

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FOREIGN SERVICE DESPATCH

FROM : Amcongen, SAO PAULO

464
DESP. NO.

June 13, 1961
DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : São Paulo despatch 363, January 30, 1959;
Subject: Carvalho Pinto Announces Secretariat

20 For Dept. Use Only	ACTION	DEPT.
	INR-7	RM/R-2 ARA-4 IO-4 USUN-3 AF-5
	REC'D 6-26-61	INFO OTHER CIA-10

SUBJECT: Biography of Queiros Filho, Member, UN Lumumba Investigating Committee.

Index:
1. Background and Education
2. Career
3. Political Influence
4. Political Views
5. Personal Data
6. Travels and Publications
7. Comment

Transmitted herewith as of possible interest to the Department is a biography of Antonio de Queiros Filho, the São Paulo lawyer and politician who has been appointed by president Janio Quadros as Brazil's representative to the UN commission which will investigate the circumstances surrounding the recent death of the former prime-minister of the Congo, Patrice Lumumba. Queiros Filho, a former public prosecutor in São Paulo, has been serving as state Secretary of Justice since he was nominated to that position by governor Carvalho Pinto on March 1, 1961. This is the second time that Queiros Filho has occupied that post. During 1957 and early 1958 he served as state Secretary of Justice under governor Janio Quadros. Queiros Filho has also been state Secretary of Education. He has been active in political affairs on both the state and national scene for some years, and is presently the national president of the Christian Democratic Party (PDC). He has specialized in penal law and is a professor of penal law in the Faculty of Law of Catholic University in São Paulo.

1. Background and Education

Born at Caconde, in the state of São Paulo on January 14, 1910, Antonio de Queiros Filho received his primary and secondary education at Colegio São Luis, a Jesuit school in São Paulo. He entered the University of São Paulo and graduated from the Law School in 1931. He had the distinction of being class orator of the XI of August

HAPyle/RJBurton:mec
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Academic Center of the Faculty of Law. Queiros Filho subsequently completed his education at the Sorbonne in Paris, where he studied comparative penal law.

2. Career

Queiros Filho began his career by serving as a public prosecutor in the employ of the São Paulo state Justice Department. He successively served in this capacity in the cities of Batatais, Piracicaba, Campinas, and São Paulo before his appointment as state Attorney General. He has also served as Director General of the State Department of Penal Institutions.

A member of the PDC, Queiros Filho was elected to the Federal Chamber of Deputies in 1954. He did not occupy his seat however, during his tenure as state Secretary of Justice to which he was appointed by the then governor, Janio Quadros, in April 1957. He served in that capacity until early 1958. Meanwhile, he was a mayoralty candidate in São Paulo in 1955. He fared badly, running last and receiving only 132 votes.

In the elections which took place in October 1958 Queiros Filho, then president of the São Paulo PDC regional directorate and first vice-president of the national party organization, unsuccessfully competed as his party's candidate for vice-governor. Out of a field of four candidates Queiros Filho placed third, following the winner, Porfirio da Paz, and runner-up Cid Franco. Queiros Filho was aided in his candidacy by the local UDN and PR, and he reportedly had the support of eight fairly influential labor leaders, all of whom (as was true of his own party) were unable to accept the Socialist Party (PSB) candidate Cid Franco because of his leftist proclivities. Queiros Filho's candidacy had been put forward by the above groups. In November 1958 Queiros Filho was elected national president of the PDC, a position which he has since continued to hold. He became state Secretary of Education on January 31, 1959 by appointment of incoming governor Carvalho Pinto, and continued to serve in this capacity until 1960. His nomination to the governor's cabinet was considered to be primarily the result of political patronage extended by Carvalho Pinto for PDC support of his candidacy during the 1958 election. In addition, the fact that Queiros Filho and Carvalho Pinto are good friends and were formerly Law School classmates may have contributed to Queiros Filho's selection for a cabinet position.

A temporary coolness developed between Queiroz Filho and the governor early in February 1960. This led to Queiros Filho's resignation. The governor reportedly became angry over the distribution of invitations for a cocktail party at the governor's palace on January 31, 1960 during ceremonies commemorating Carvalho Pinto's first year in office. The invitations were given to numerous mayors and aldermen from various parts of the state who were attending the



celebration festivities. The cocktail party at Queiroz Filho's residence given later in the same day, was said to have been used for PDC politicking, especially on behalf of vice-presidential candidate Fernando Ferrari, federal deputy from Rio Grande do Sul, who heads the Labor Renovation Movement (MRT). There was also speculation at the time that the position of the PDC was being promoted through exploitation of Queiros Filho's incumbency in office. Queiro Filho returned to the governor's cabinet on March 1, 1961 as Secretary of Justice, the position which he holds at present.

3. Political Influence

Queiroz Filho as national president of the PDC has built party strength mainly in São Paulo, in large part by virtue of a favored position vis-a-vis Governor Carvalho Pinto. The PDC was out front in endorsing Carvalho Pinto's candidacy for governor in 1958; its major political growth in São Paulo began in 1958. The PDC lent Janio Quadros its party label in Janio's successful candidacy for São Paulo mayor in 1953, but then broke with Janio when the latter decided to run for governor in 1954. While part of a broad coalition successfully supporting Carvalho Pinto for governor in 1958 and Janio Quadros for president in 1960, there was a certain measure of estrangement toward Janio Quadros from 1960 on because Janio supported the UDN candidate, Milton Campos, rather than the PDC candidate, Fernando Ferrari, as his vice-presidential running mate. Queiroz Filho as Secretary of Justice has apparently been working closely with governor Carvalho Pinto in the latter's recent efforts to build a coalition slate for the state's 1962 gubernatorial contest. In this, he has encountered some resistance within his own party among those who are more concerned that the party not place itself in opposition to President Quadros' wishes in the 1962 gubernatorial contest. Some measure of Queiros Filho's political strength can be gleaned from the fact that Fernando Ferrari in 1960 in the state in which the PDC is strongest (São Paulo), could only capture 15 per cent of the state vote for vice-president. Allowing for the fact that Ferrari had support from other sources and considerable popularity in his own right, it is evident that Queiroz Filho and his PDC hold strength from "backing the right political horse" rather than in their own right. Queiroz Filho, apart from demonstrating no great capacity as an administrator in his various stints in public office (particularly as Secretary of Education when there was no great progress in state education despite a crying need for increased and improved facilities), has not been particularly sensational as a vote getter.

Despite the foregoing, and admitting that Queiros Filho's intellectual and professional qualifications influenced his selection for the UN post, one is also inclined to suspect that President Quadros wanted the PDC president out-of-town for the near future while he (Janio) was giving special attention to political contacts and building political strength in São Paulo.



4. Political Views

Queiros Filho's political views are reflected in PDC party doctrine, which professes to be equally opposed to capitalist and communist "imperialism". As a federal deputy, Queiroz Filho has supported various nationalist legislation. He has stated on a number of occasions that the role of the PDC should be that of a third force equidistant between Western capitalism and the Communist systems. Under such circumstances it is not surprising that he has, on occasion taken a stand on issues contrary to the position or interests of the United States. However, he is not believed to be anti-American. Most recently, he proposed that the PDC of Latin America make a on-the-spot investigation of the situation in Cuba.

On the domestic front he has long advocated agrarian reform and in the federal Chamber of Deputies he once sponsored a bill calling for profit sharing for employees.

5. Personal data

Queiros Filho is married and has several children. He speaks French and Spanish in addition to his native Portuguese. He is a practicing Catholic and has actively participated in a number of church organizations, including Jeventude Universitaria Catolica (JUC).

6. Travels and Publications

Queiros Filho is said to have attended three international conferences on penal law. He has traveled in Europe and South America. It is not known whether he has visited the United States. He has written a number of books and essays on penal law, the best of which is entitled Human Ways. In addition, he has contributed a number of articles to newspapers.

7. Comment

Queiros Filho would seem well qualified for his UN appointment, in view of his intellectual and professional background.

William P. Cochran, Jr.
Minister Consul General

cc: Amembassy, Rio

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FOREIGN SERVICE DESPATCH

FROM : Amcongen, São Paulo — 18 (DESP. NO.) — July 18, 1961

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF :

CONSULATE GENERAL OF THE UNITED STATES OF AMERICA
JUL 19 1961
SAO PAULO, BRAZIL

For Dept. Use Only	ACTION	INFO DEPT.	INFO OTHER
REC'D 7/25	INR-7	RM/R-2 ARA-4	CIA-1 USTA-1 OSD-5 army 4 navy 4 air-6 JCS-4

SUBJECT: Some Facts About Herbert Levy, New National President of UDN XX

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Career Highlights (Non-Political)	2
Political Career	3
International Activities	4
Attitude on Communism and Cuba	4
Attitude on Public Ownership	5
Attitude on Foreign Investment	6
Relations with National Administration	6
Future Prospects	7
Personal and Family	8
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On his second try, at the age of fifty, Federal deputy from São Paulo Herbert Victor Levy this year won the national presidency of his party, the National Democratic Alliance,1/ at perhaps the most difficult stage in the history of that party. On the first try in 1959, Magalhães Pinto,2/ with the support of outgoing party president Juraci Magalhães,3/ defeated Herbert Levy for the party's national presidency, even though the

XX Prepared by this post pursuant to understandings with Embassy Rio
1/ União Democratica Nacional or UDN
2/ Presently governor of Bahia
3/ Then federal deputy, now governor of Minas Gerais

RJBurton/lfw

CONFIDENTIAL

ACTION ASSIGNED TO:	ACTION TAKEN	DIRECTIONS TO RM/R
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national convention was held in São Paulo, when UDN leader Carlos Lacerda[4/] switched his support from Levy to Magalhães Pinto.[5/] This year, after reported desultory but unsuccessful efforts by Magalhães Pinto and Carlos Lacerda to find another candidate, Herbert Levy, with the endorsement of Juraci Magalhães, won the unanimous vote of his party for the party presidency. Thus Herbert Levy finds himself at the helm of the UDN just as it must abandon its traditional role as opposition party in order to support its elected presidential candidate, Janio Quadros. As head of the "winning" party, Herbert Levy may be expected by some to lead the UDN to new victories in the election year to come (1962) even though President Quadros will doubtless be looking to build his own political strength and support without regard to, and even against, the interests of the UDN, as such suits President Quadros' purpose. Moreover, Herbert Levy must lead his party in the unhappy role of the "government" party, the "party of the administration", with a President who recognizes no obligation even to consult the UDN and who would also deny identity with it (Quadros is still nominally a member of the opposition party, the PTB, since his election in 1958 as that party's candidate to a federal deputyship from Parana).

Because Herbert Levy is a federal deputy from the state of São Paulo and because the latter state has been the locus of Levy's business and political career, the following biographic information is offered.

Career Highlights (Non-Political)

As a young man, Herbert Levy was active in various fields of athletics. At the age of 16, in 1927, he became a teacher in the Praça da Republica Normal School (today called the Caetano de Campos Education Institute). In 1937, he received a bachelor's degree in political and social sciences from the School of Sociology and Politics of São Paulo. He has in the past served as professor of economics at the latter school but other obligations have caused him to abandon this.

4/ Lacerda, like Levy, strongly advocated party endorsement of Janio Quadros for president.

5/ Juraci Magalhães, who aspired to his party's endorsement for president, knew that Levy was pro-Quadros and mobilized support from the north northeast in favor of Magalhães Pinto. Lacerda was strongly pro-Quadros and made the switch to Magalhães Pinto only after the latter got the Minas Gerais delegation to endorse Janio for president.

0922

In early private life, Herbert Levy also served as a journalist, publicity representative and film translator. Later, in 1931, with his brothers and sisters, he founded the Levy Office, Ltd, a brokerage house which has engaged in various business ventures and is still functioning today.

Herbert Levy and his family have since founded the following enterprises in which he holds the following offices: Banco da America, SA (Director-Superintendent); Brazilian Sock Industry, SA (Director-President); Sunbeam Anti-Corrosives of Brazil, SA (Director); Ibratex (anti-corrosives for textile machinery, Director); Production Enterprises, SA (industrial investments, President); Panameuro, SA (non-functioning news service, Superintendent); Mercantile Gazette (a specialized daily newspaper directed by Herbert and published by Levy Office, Ltd). The Levy family also exports cotton and owns a large plantation (Fazenda São Bento) which raises pedigreed pigs, coffee, and other foods and livestock.

Political Career

Herbert Levy's political life began in 1927 with his entry into the Democratic Party. He was a participant in the Liberal Alliance and in the revolution of 1930. As an officer in the 1932 São Paulo revolution against the Vargas dictatorship, he was promoted to sub-commandant of the Romão Gomes column, assuming command of this force of some 5,000 men at the age of 20 in the closing days of the revolution.

After defeat of the revolution, Herbert Levy became one of the founders and leaders of the São Paulo Federation of Volunteers which continued the campaign for democracy. With the proclamation of the "New State" in 1937, Herbert Levy joined the resistance movement and was imprisoned a number of times between 1937 and 1945.

In 1945 in his first try for public office, Herbert Levy failed to win election as a federal deputy but gained enough votes to be the first alternate of his party, the UDN. He won reelection to the Federal legislature in 1950, 1954 and 1958, leading other UDN candidates for federal deputy from São Paulo in number of votes in both 1954 and 1958.

In the Federal legislature, Herbert Levy has served on the Budget Committee. In that connection, as reporting officer on the budget provisions against drought, Levy travelled extensively through the drought-striken areas to get first-hand information. He has also served as vice-leader of his party and of the opposition in the national assembly. In recent years, he has been one of the most vocal critics of the financial policies, the deficit spending, the inflation and the administrative inefficiency of the regime of ex-president Juscelino Kubitschek.



Among federal legislative measures with which Herbert Levy has identified himself are the following: creation of a central bank and a rural mortgage bank; exemption from income tax of low incomes; regulations governing bankruptcy by banks; family bonus for families of more than four children; regulation of private banks; regulation of corporations; creation of farm credit bank; elimination of marginal and low-yield coffee plantings.

Since 1958 Herbert Levy has been an active campaigner throughout the state of São Paulo, first in support of the 1958 victory of Carvalho Pinto for the governorship, in 1960 in support of successful presidential candidate Janio Quadros, and this year in support of successful São Paulo mayoralty candidate Prestes Maia.

In the São Paulo mayoralty fight Herbert Levy was given a lion's share of the credit for swinging UDN metropolitan endorsement by a narrow vote to Prestes Maia rather than to the Quadros favored candidate, Emilio Carlos (who was supported by such UDN leaders as state assembly president Abreu Sodré and the vigorous anti-Communist senator, Father Calasans).

International Activities

Herbert Levy has also participated in numerous international conferences - the Congress for Ibero-American Cooperation in Spain, the Inter-Parliamentary Conference of 1959 in Warsaw, the Inter-American Investment Conference in New Orleans, and the Summit Conference of Industry Labor and Commerce of 1960. This year, as the Brazilian delegate to the meeting of the Social and Economic Council of the United Nations, Herbert Levy presented his proposal which he and the Brazilian delegation had supported at the 1959 Inter-Parliamentary Conference, i.e., long-term no-interest or low-interest credits to underdeveloped countries to purchase the product of otherwise unutilized industrial capacity of developed countries during low periods in their business cycle, such a program to be administered by a new international agency created for this purpose.

Herbert Levy first visited the United States in 1934 and has since visited the United States eight more times. He has travelled to Europe on seven different occasions but his only trip to Communist territory was to Poland for the Inter-Parliamentary Conference in Warsaw.

Attitude on Communism and Cuba

Herbert Levy is strongly anti-Communist. This is evident in his book entitled "Liberty and Social Justice" (Liberdade e Justica Social, 1958 but with preface dated July 30, 1957). Herbert Levy has told the reporting officer within recent weeks that the book best reflected his political philosophy.

0924

Several chapters in Liberty and Social Justice are devoted to an indictment of Communism. The ideals of Marx, Lenin and Engels, says Levy, have been disproven in actual practice. Levy cites in extenso the Kruschev condemnation of Stalin. A chapter on the Austrian experience calls attention to Austria's rejection of Communism when freed of the Soviet yoke.

While stressing the need for eliminating disparities in wealth within and between countries, Herbert Levy in the aforementioned book asserts that the United States has achieved this within a democratic political framework. The Marxian thesis that the worker should share more in the wealth of a country, says Levy, has been achieved under capitalism in the United States through such measures as (1) widespread stock ownership, (2) the redistribution of wealth by income and inheritance taxes, (3) employers' social security contributions, (4) profit sharing and stock bonuses, (5) government and labor-management actions for a rising standard of living, (6) the rights and powers achieved by organized labor. Equally with the United States, Herbert Levy cites extensively experience in England to prove his theme that social justice can be realized in a capitalist society.

World divisions, asserts Levy, are not really ideological; the great threat today is rule by force.

Herbert Levy is definitely opposed to the Fidel Castro regime in Cuba. Some weeks ago he privately confirmed to the reporting officer the accuracy of newspaper reports that he had discussed with the PSD leadership the possibility of the PSD and the UDN each coming out with a firm foreign policy statement denouncing the Cuban regime. In an exchange with the powerful conservative newspaper, O Estado de São Paulo, Levy made it clear recently that the UDN does not agree with President Quadros' Cuban policy but, as a pro-administration party, feels obliged to present its objections in private.

Attitude on Public Ownership

In a highly developed economy, with large capital and managerial resources, public ownership of public utilities and of the production of raw materials, says Levy, is feasible. However, expropriation is foolish, says he in "Liberty and Social Justice", where there is a shortage of capital and know-how. The government, argues Levy, can control effectively without weakening the incentives to private enterprise.

Levy even goes further and rejects outright public ownership. He cites favorably the conclusion of the British Labor party that nationalization can best be achieved by government stock purchases (with varying degrees of private ownership), retaining traditional patterns of private management.

Socialism, says Levy, is an expression, not a system. It defines a basic pre-occupation with promoting the well-being of the collectivity as a whole, with assuring each individual a minimum economic security, a decent standard of living and equality of opportunity. Experience demonstrates, asserts Levy, that Capitalism can achieve social justice.

Levy does favor government development of petroleum and atomic minerals. However, this may be more a matter of practical politics rather than philosophical conviction, since a contrary position in Brazil lays one open to violent political attack as unpatriotic or even worse.

Attitude on Foreign Investment

More than a year ago Herbert Levy sponsored a bill to limit profit remittances abroad. The bill would have permitted augmentation of the profit base as profits were reinvested but would have set a percentage maximum on remittances. In taking such action, Levy was following the popular political style. Both leading presidential candidates in 1960, for example, strongly advocated some limitation on profit remittances. Levy was approached by representatives of the American business community and has since apparently abandoned the espousal of legislation limiting profit remittances.

In recent conversation with the reporting officer, Levy contended that excessive profit remittances was not a serious problem. A few bad actors, said he, created problems. He cited, by way of illustration, an American rubber firm which brought in outmoded equipment and thereafter took out unconscionable profits, refusing to reinvest a portion of such profits for plant modernization.

Relations with National Administration

Even before the UDN endorsed Janio Quadros for president, Herbert Levy once observed in a private conversation with the reporting officer that Janio was not truly a UDN candidate, that he was a shabby political demagogue, but that he represented the vehicle through which the UDN could realize its objectives. In speaking thus, Levy evidently had in mind the elimination of corruption and the curbing of inflation. These have been the two main themes of the UDN as an opposition party - these more than any affirmative set of goals - and the toppling from power of the corrupt Vargas forces which had retained control even with the overthrow of Getulio Vargas. The UDN (or at least those who think like Herbert Levy) doubtless expect too a balanced budget, anti-inflationary, pro-private enterprise orientation such as characterized Janio during his governorship of São Paulo (1954-1958).

0926

While Herbert Levy insists that Janio is basically democratic in political outlook, Levy privately acknowledges that Janio is indifferent to the fate of political parties. Levy speaks of a vigorous campaign by the UDN to strengthen itself in next year's elections. Levy has also spoken of possible ammendment of the election laws to eliminate the minor parties.

Levy is not a loyal Janista in the strict sense of that term. Janio would more likely turn, and has turned, to others to carry out his political maneuvers in São Paulo - for example UDN state deputies Abreu Sodré and Father Godinho. Levy supported Prestes Maia this year for São Paulo mayor even though Emilio Carlos' candidacy had the evident sympathy and favor of Quadros.

On the other hand, Levy has committed the UDN to support Quadros, never to attack or criticise in public. In a recent letter to the daily newspaper, O Estado de São Paulo, referring to Janio's position on Cuba and to Janio's restrictive actions against television and radio, Levy argued that the party in its new pro-administration role could not publicly attack or criticise the president but must present its views to the president privately.

Some would argue that Levy's posture is motivated by self-interest and self-preservation. One responsible observer, for example, recently expressed doubt that Herbert Levy would truly risk evoking the strong antagonism or wrath of Janio. He pointed out that Levy's business fortunes are at the mercy of the national government (the bank, for example, is at the mercy of the Bank of Brazil to rediscount its paper). While this might temper his reasoning processes or orientation, it is doubtful that Levy would consciously corrupt his own political ethics out of self-interest. His integrity, from personal observation and conversations, appears far above that of the average "respectable" Brazilian politician.

Future Prospects

Although he denies it, there is considerable plausible rumor that Herbert Levy would not be unhappy to be the pro-administration candidate for governor in 1962. However, Levy does not appear to enjoy the special favor of either governor Carvalho Pinto or President Janio Quadros (and certainly not the opposition parties). He has built a considerable vote-getting strength for Federal deputy. On the occasions when the reporting officer has visited Mr. Levy in his bank, his office has been continuously crowded with various and sundry to each of whom he appears to lend a willing ear and a helping hand. While this will continue to make Levy a leading vote getter for deputy, it is doubtful that he will go far beyond. He should continue a force and party leader in his state. On the national scene, there are a complex of leaders within the party - the Carlos Lacerdas, Cid Sampaios, Juraci Magalhães - who should have, and do have,

equal, if not greater influence, in the party and on the national political scene. In short it is likely that Levy will continue to be an influential figure in São Paulo politics and in the UDN without rising to any greater political heights.

Personal and Family

Herbert Levy was born November 2, 1911 in the city of São Paulo to Albert Edward Levy and Anna de Martino Levy. The father, Albert Edward Levy, originally a British citizen, obtained naturalization as a Brazilian. He served as professor at the Praça da Republica Normal School and at the São Bento Secondary School. The father was also a broker of government securities.

Other brothers and sisters of Herbert Levy are as follows: Eduardo Alfredo, Dóra Levy Glass, Edith, Percy Douglas, Roberto Henry, Leo Walter, Haroldo Reginaldo, Wanda Levy Wilkins and Lilian Levy Vilella.

Herbert Victor Levy married Dona Wally Ferreira in the city of São Paulo on July 12, 1934. Her father, Professor Waldemar Martins Ferreira, formerly law professor at the University of São Paulo (and now retired with the title of professor emeritus), won the Moinho Santista award of a million cruzeiros (awarded each year to outstanding scientist or scholar) and is a local leader within the UDN.

The Herbert Levys have nine children - Maria Stella, Luiz Carlos, Herbert Victor, Luis Fernando, Paulo Roberto, Maria Christina, Maria Lucia, Nelson Luiz and Maria Cecilia.

Herbert Levy speaks and writes English, French and Italian, in addition to his native Portuguese. He is a member of various social and athletic clubs - the Paulistano Athletic Club, the Harmonia Tennis Society, the São Paulo Jockey Club, the Club de Campo of São Paulo, the São Paulo Club, the Santo Amaro Sailing Club, the São Paulo Automobile Club, and the Tiete Regatta Club.

Herbert Levy is a rather quiet-mannered individual, pleasant, gracious. He is approximately 5 feet 10 inches tall, slender and somewhat wiry, with a full head of greying dark hair. Like most Brazilian politicians he is a good orator - he appears somewhat slow and deliberate in presentation but his vocabulary and ideas are expressive. He is not demagogic in either his choice of words or ideas nor in his manner of expression.

Publications

From the prolific pen of Herbert Levy have come the following publications: "Coluna Romão Gomes", "Problemas Atuais da Economia Brazileira", "Aspecto

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Externo do Problema do Café", "O Brasil e Os Novos Tempos", "Batalha de Produçao e Outros Problemas Nacionais", "Rumos a Trilhar", "Problemas Basicos da Naçao", "Curso de Economia Brasileira", "Liberdade e Justiça Social".

William P. Cochran, Jr.
Minister Consul General

Note: Foreign Service local José Carlos Fernandes was especially helpful in assembling various basic biographic data which was used in this despatch.

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AIR POUCH — PRIORITY

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DO NOT TYPE IN THIS SPACE
732.521/9-1861
XR 732.13

FOREIGN SERVICE DESPATCH

FROM : Amconsul SÃO PAULO

91 DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

September 18, 1961 DATE

REF : São Paulo Despatch 86 of September 12, 1961

	ACTION	INFO
For Dept. Use Only	DEPT.	RM/R-6 INR-4 CU-5 P-3 SY-2
	REC'D 9:30-61	OTHER CIA-10 USIA-10 HAB-8 FBI-1

SUBJECT: Biographic Information on André Franco MONTORO, New Brazilian Minister of Labor

(1) Basic biographic information is given in an Unclassified enclosure to this Despatch.

Franco Montoro, the new Minister of Labor appointed by President João Goulart, is the only member of the Christian Democratic Party (PDC) to hold a cabinet seat in the new coalition government and the only member of Brazil's nine small parties to receive a ministry. As President of the PDC for São Paulo - the Christian Democrats' strongest Brazilian base - his political credentials speak for themselves. His qualifications for the labor ministry will be discussed later.

To understand and predict Montoro's actions, it is necessary to glance at the unusual political party of which he is a leader. Christian Democracy is basically one of the most attractive of Brazilian political movements, since more than any other currently legal party, it could be based on a coherent ideology rather than on personalities. Unfortunately, this potential has not yet been attained in practice. The principal problem is that the party has a militant left wing which is intrigued by the alliteration of Communism, Christianity, and Capitalism. The assumption is that capitalism, like communism, is peddled as a substitute for religion. The fact that capitalistic states protect christianity is thought to make capitalism all the more dangerous, since it seems to be a wolf in sheep's clothing. It is difficult to get a glimpse of this emotional picture of capitalism; but, listening to the PDC leftists, one has the impression that (A) they have not seen much of it, and (B) the last book they read on the subject was The Robber Barons. The Embassy has probably reported in greater detail on this interesting facet of Brazilian Christian Democracy. The left-wing members of the PDC are ultra-nationalists of the cross-eyed variety who, searching for a roost, lit on the wrong party. Consistent with their C-sickness, they have become some of Brazil's most outspoken fans of Castro's Cuba, thereby almost tearing their party in half. Two of the best-known Paulista leaders of this portion of the party are Paulo de TARSO, ex-Mayor of Brasilia under Quadros, and Plinio de Arruda SAMPAIO, an unsuccessful candidate for Mayor of São Paulo in the last election.

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Franco Montoro must live with the PDC ultra-nationalists, but indications are that his own thought processes are much more coherent. He appears to be as close to European-style Christian Democracy as local conditions will allow. Though called a leftist by some businessmen, his moderation was illustrated when known leftists in labor, newspaper, and political circles complained loudly at his appointment to an important ministry.

The key to Montoro's probable attitudes toward the United States is the fact that he is an authentic egghead. As a serious thinker, he could hardly subscribe to some of the more picturesque views of his party members. While he speaks of the "injustices of the capitalistic world," his remedies for the injustices seem to consist of social legislation of the kind long in effect in the United States and many western European countries. The programs he emphasizes have, refreshingly, been economic and social rather than political.

The fact that Sr. Montoro steers clear of controversial political issues makes it difficult to evaluate his attitude toward Cuba. He is not personally pro-Castro, but he would probably prefer not to interfere with the PDC left-wingers unless absolutely necessary. Chances are, however, that he and others of similar convictions will manage to prevent the party from adopting an exaggerated official pro-Castro stand. The PDC has been under heavy pressure to define its position on Cuba, but it will probably be best if the issue can be avoided for the time being.

An amusing illustration of Montoro's reputation as an intellectual is the story - very likely accurate - that he was called upon to explain the parliamentary system of government to João Goulart when the latter, in Paris, awaited passage of the constitutional amendment which was to allow him to become President of republican Brazil's first parliamentary government. (Goulart's subsequent actions indicate that he may not have absorbed the lesson.) Montoro was in a good position to make the explanation, having consistently been one of Brazil's major representatives at international Christian Democratic and parliamentary congresses.

It was after the 1959 Inter-Parliamentary Union Conference in Tokyo that Franco Montoro had his first chance to visit the Communist bloc. He travelled in Red China, writing many articles of his experiences. The articles, done objectively, showed that he had not been overwhelmed by his experience. Perhaps for this reason, he was chosen to travel to Communist China again in 1961 as a member of the "commercial" mission headed by then vice-president João Goulart. An excellent source reports that both São Paulo governor Carvalho Pinto and Montoro himself saw his addition to the group as a steadying influence on Goulart. (Considering the controversial nature of some of the pronouncements made by the Vice-President during the tour, one wonders what he might have come up with had it not been for a "steadying" influence.) One question remains to be answered

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concerning this most recent trip of Montoro's. The whole group stopped off in Russia on the way to China. On the way back, however, he returned to Moscow alone. The Consulate General has not yet discovered the purpose and results of his second visit.

As stated earlier, Montoro has always given especial attention to economic matters. His favorite topic has been Latin American economic integration. He believes that the historical lack of such integration is one of the principal reasons why the states of North America have progressed dramatically faster than the nations to the South. He is also a strong advocate of cutting the military budgets that have traditionally sapped the economic strength of Brazil and many of her neighbors. Other social-economic legislation for which he has fought has concerned low-cost housing for workers and a graduated income tax favoring large families.

His own large family is very important to him. His wife, a trained social worker, is a devout Catholic who appears to influence him strongly. When it eventually becomes possible for him to visit the United States, it would be best for his wife to go with him. To date, unfortunately, he has not been able to find time to visit the United States, though he would like to accept a leader grant which has been offered.

William P. Cochran, Jr.
Minister Consul General

Enclosures: (Unclassified)
1. Basic Biographic Information.
2. Newspaper photograph.

Distribution: INS/RAR, Amembassy,Rio

JRG

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Name: André Franco MONTORO (first name seldom used).

Born: City of São Paulo, July 14, 1916.

Religion: Roman Catholic.

Education: Graduated from the University of São Paulo Law School and from the São Bento School of Philosophy of the Catholic University of São Paulo.

Languages spoken: French, Spanish, Italian, and some English.

Positions held:
Professor of Law at the University of São Paulo.
Professor of Law and of Ethics at the Catholic University of São Paulo.
São Paulo City Councilman 1954 - 1956
State Deputy 1954-1958 and President of the State Assembly in 1955.
Federal Deputy 1958 - present. Leader of Christian Democratic Party (PDC) bench in Federal Chamber of Deputies.
Secretary-General of Christian Democratic Party.
President of São Paulo Regional Directorate of PDC.
Appointed Minister of Labor in September, 1961, by President João Goulart.

Political affiliations: Has always been a member of the Christian Democratic Party (PDC) of Brazil.

Travel: Has visited many countries in Latin America, Europe, and Asia, including Communist China and the U.S.S.R., but has never travelled in the United States. Has been offered a Leader grant which he hopes to accept when time allows.

Family: Married (Lucy Pestana Silva Franco Montoro); seven children.

Professional, Social, and Fraternal Societies: Pinheiros Sport Club.



Trabalho



★ FRANCO MONTORO (PDC paulista): Trabalho.



Trabalho

la pasta. No foto-á direita o novo ministro do Trabalho, sr. André Franco Montoro, que hoje tambem assumiu a direção daquele Ministerio. (Da Sucursal).

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Action 27

Info RM/R-2 C/C-4 S/S-4 INR-10 P-5 CLS-6 CIA-15 FBI-1

UNCLASSIFIED 732.521/9-2361
Classification

PAGE OF PAGES

Date Sent:
Rec'd:

INFO: SEP 26 2 22 PM '61

FROM: American Embassy-Rio de Janeiro

TO: Department of State-Washington

NO: 772

OPS Seamans

Department's Wirom 871. — VC — wrong Ref.

Confirming our referenced telegram, we concur with the nomination of the two emmissaries of Cardinal Vasconcellos Motta. Their biodata follows:

1) Name: José Alves Motta
Born: Guaratinguetá, São Paulo, April 4, 1921.
Home Address: Rua Pio XII, 279, São Paulo.
Present Position: Professor at Catholic University of São Paulo; Secretary to Cardinal of São Paulo.

2) Name: Victor Ribeiro Michelsburg
Born: São Paulo city, June 7,1916
Home address: Rua Monte Alegre 984, São Paulo.
Present Position: Professor at Catholic University of São Paulo; Secretary to Cardinal of São Paulo.

Both candidates arrived in New York on September 21st at 09:00 via Varig 854. This information was transmitted to the Department as per São Paulo's telegram n° 188 of September 19, 1961.

Both candidates have been cleared.

BUREAU OF PUBLIC AFFAIRS	INFO	ACT
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September 22,1961

Sent to Pouch

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PAGE 1 OF 2 PAGES

ACTION: INR-10
Info: PM/R-2, ARA-10, IO-7, USUN-3

Date Sent: October 3, 1961
Rec'd:

FROM: CURITIBA

TO: Secretary of State WASHINGTON

NO: A-2

INFO: Amembassy, RIO DE JANEIRO, A-2
USUN, New York, A-1

OCT 9 | 49 PM '61
DEPARTMENT OF STATE

REF: Curitiba RS-408 Submitted to Department Sept.16, 1960.

Paraná Federal Deputy (PSD) Manoel de OLIVEIRA FRANCO Sobrinho has been named a technical advisor to the Brazilian United Nations delegation. He will depart Rio de Janeiro for New York by VARIG on the evening of October 11, 1961. He will be accompanied by his wife, Maria Helena de OLIVEIRA FRANCO.

The Department is requested to make available to USUN, New York, classified biographic data of record concerning Deputy Oliveira Franco.

The following additional information is herewith supplied:

(1) Oliveira Franco was a Brazilian delegate to the UN ECOSOC conference in Paris in the fall of 1960. He also participated in a similar meeting in Geneva in the fall of 1959.

(2) This is Oliveira Franco's first trip to the United States.

(3) On January 18, 1961, he formally sponsored the Curitiba "Movement to Help the Cuban Revolution".

(4) On October 2, 1961, he was one of the most prominent signatories of a petition circulated in Curitiba requesting the legalization of the Communist Party of Brazil.

(5) In a conversation with the Principal Officer at Curitiba on October 3, 1961, referring to the conflict between the Soviet and Western worlds, Oliveira Franco said that "each side has its own definition of liberty", and that in any event a primary requisite of liberty is "national liberty" (this is a plug for Brazil's "Fourth Power Position"). The conversation was initiated by the Principal Officer.

These facts are transmitted without comment in order to permit

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transmission as an Official Use Only document. Classified transmission facilities would delay receipt of this airgram in New York intolerably.

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ERRowell

ERR:bb 10/3/61

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56-51
Action

Control: 5337
Rec'd: OCTOBER 9, 1961
9:55 P.M.

RIO 923

ARA
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CU
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RMR

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 923, OCTOBER 9

File hq action
E&T/IS: Jwilkinson - Info
10-19-61.

PRIORITY

FOLLOWING BIODATA SUBMITTED FOR TWELVE CANDIDATES RECIFE MATS JOURNALISTS PROJECT. ALL CLEARED. REMAINING NOMINATIONS FOLLOWING SOONEST.

1. ANTONIO AZEVEDO DO RSGO; BORN: INGA, PARAIBA, AUGUST 12, 1933; ADDRESS: AVENIDA MANOEL BORBA 441 APT A, RECIFE; POSITION: REPORTER: JORNAL DO COMERCIO AND DIARIO DA NOITE.

2. REINALDO DORNELAS CAMARA; BORN: RECIFE, PERNAMBUCO, DECEMBER 29 1917; ADDRESS: RUA D. JOSE PEREIRA ALVES 204, PERNAMBUCO; POSITION: PRESIDENT OF THE PERNAMBUCO PRESS ASSOCIATION, PROFESSOR OF JOURNALISM AT THE CATHOLIC UNIVERSITY.

3. SOCRATES TIMES DE VARVALHO; BORN: RECIFE, PERNAMBUCO, APRIL 24, 1914; ADDRESS: RUA DA GLORIA 442, PERNAMBUCO; POSITION: PRESIDENT OF THE PROFESSIONAL JOURNALISTS UNION OF RECIFE; COLUMNIST DIARIO DA NOITE.

4. ALBERTO FERREIRA LOPES; BORN: TIMBAUBA, PERNAMBUCO, NOVEMBER 25, 1924; ADDRESS: RUA CARLOS MAVIGNIER, 101 APT 9, RECIFE; POSITION: PRODUCTION DIRECTOR OF JORNAL DO COMERCIO RADIO STATION; PRODUCTION DIRECTOR JORNAL DO COMERCIO TELEVISION.

5. JOSE DO REGO MACIEL JUNIOR; BORN: RECIFE, PERNAMBUCO, JUNE 14, 1935; ADDRESS: RUA AFONSO PENA 245, RECIFE; POSITION: REPORTER, ASSOCIATED PRESS CORRESPONDENT.

6. PAULO DO COUTO MALTA; BORN: MACEIO, ALAGOAS, OCTOBER 28, 1911; ADDRESS: RUA DO SOSSEGO, 556, RECIFE, PERNAMBUCO; POSITION:

732.521/10-961

Transmitted by RMR

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TECHNICAL ASSISTANT IN THE LEGISLATIVE ASSEMBLY: COLUMNIST FOR THE DIARIO DE PERNAMBUCO.

7. CLOVIS DE MENESES; BORN: NATAL, RIO GRANDE DO NORTE, AUGUST 14, 1924; ADRESS: AVENIDA CONDE DA BOA VISTA, 982 APT.102, RECIFE, PERNAMBUCO: POSITION: COLUMNIST FOR THE JORNAL DO COMERCIO; FUNCTIONARY IN THE MAYOR'S OFFICE (PREFEITURA MUNICIPAL DO RECIFE).

8. EDMUNDO RODRIGUES DE MORAIS; BORN: RIBEIRAO, PERNAMBUCO; APRIL 6, 1932; ADDRESS: RUA MAJOR CODECIRA, 137, RECIFE; POSITION: SUB-SECRETARY AT DIARIO DE PERNAMBUCO, CHIEF PRESS SERVICE GOVERNOR'S PALACE.

9. NILO DE OLIVEIRA PEGEIRA; BORN: CEARA MIRIM, RIO GRANDE DO NORTE, DECEMBER 11, 1910; ADDRESS: RUA BISPO CARDOSO AYRES, 481; POSITION: DIRECTOR OF THE FACULTY OF PHILOSOPHY OF THE UNIVERSITY OF RECIFE.

10. LUIZ DE VALOIS CORREIA; BORN: RECIFE, PERNAMBUCO, FEBRUARY 28, 1924; ADDRESS: RUA DA ESPERANCA 476, RECIFE PERNAMBUCO; POSITION: REPORTER, TEACHER.

11. EWERTON RAIMUNDO CASTRO VISCO; BORN: SALVADOR, BAHIA, MARCH 16, 1920; ADDRESS; AVENIDA CONDE DA BOA VISTA, 1482, APT 106, RECIFE, PERNAMBUCO; POSITION: DIRECTOR-GENERAL OF THE DIARIO DE PERNAMBUCO'S TELEVISION STATION.

12. ARAEL MENEZES DA COSTA; BORN: JOAO PESSOA, PARAIBA, NOVEMBER 26, 1937; ADDRESS: AVENIDA GERALDO COSTA 64, TAMBAU, JOAO PESSOA, PARAIBA; POSITION: MEMBER OF THE PARAIBA JOURNALISTS UNION COUNCIL OF REPRESENTATIVES; REPORTER.

BOND

MB

0939

W I T H D R A W A L N O T I C E

RG: 059 TAB #: 19

ENTRY: CDF60-63 1 / 5 / C /
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DESP 142 FR SAO PAULO TO STATE

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W I T H D R A W A L N O T I C E

RG: 059 TAB #: 20

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Document Date: 18/11/61

Document Ser.#:

DESP 103 FR RECIFE TO STATE

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NND: 949515 WITHDRAWN: 02/24/95 by: JAS

FOIA RETRIEVAL #: 949515 01584 00020

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ORIGIN: INR-6

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GSD	USIA		

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DEPARTMENT OF STATE
INSTRUCTION

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Chilean - 6893

CONFIDENTIAL

NO: CW-6893 March 1, 1962

SUBJECT: Biographic Information on Fernando RAMOS de Alencar, Brazilian Ambassador to Chile

REF: Incoming Airgram Santiago A-207, 14 February 1962

TO: The American Embassy, SANTIAGO
RPTD INFO: RIO DE JANEIRO

Appointed Ambassador to Chile in April 1961, Fernando Ramos is a career foreign service officer with a reputation as a capable administrator and skilled immigration expert. Prior to assuming his present position, Ramos served as Secretary-General of the Foreign Office from August 1959 to December 1960, and as Ambassador to Bonn from December 1960 to April 1961. Described as helpful and reliable in his dealings with US officials, Ramos is also said to show ability to get things done once he has committed himself.

Born in Porto Alegre, Rio Grande do Sul on 29 April 1919, Ramos holds a masters degree in political science from the University of Ottawa and is a 1956 graduate of the Brazilian war college. Following his first overseas assignment as Consul in Bahia Blanca, Argentina (1942), Ramso served as consul at Miami (1943-46), first secretary at Washington (1948-49), first secretary at Ottawa (1949-51) and counselor at Rome (1951-53). In addition to serving at numerous international conferences, Ambassador Ramos was President of the National Institute of Immigration and Colonization from 1957-59.

Married and the father of two children (as of 1952), Ramos speaks excellent French and English and is probably fluent in Spanish as well.

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AR 732.521

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DRAFTED BY: INR/CS/BR: ~~XXXX~~ R.White:mm 26/2/62
CONTENTS AND CLASSIFICATION APPROVED BY: ~~XXXXX~~ William Radford INR/CS/BR

CLEARANCES:
CS/ILB-Clyde W. Snider (in substance)
ARA/WST-R.Richardson (in substance)
ARA/EST-Mr. J.W.Wilson (in substance)
INR/RAR/P-R.M.Schneider (in substance)

FORM DS-972 3-61

GPO 908026

0942

ORIGIN/ACTION ARA-4

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OSD	USIA 8	NSA 3

Action Copy

DEPARTMENT OF STATE

AIRGRAM

(Departmental and Foreign Service)

732.521/3-2162

A-403 NO. CONFIDENTIAL

TO : Secstate WASHINGTON

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
MAR 26 1962
File 732.5622
E 9176 Harwood FR
DATE: March 21, 1962

FROM : Amembassy RIO DE JANEIRO

SUBJECT : Eugenio Cailar Ferreira

REF : Deptel 2492 INC ARA H/PR S/S f 25-4 INR NSA

Eugenio Cailar Ferreira boyhood friend President Goulart and his private secretary as Minister Labor, Vice-President, President Republic. Born February 9, 1914; primary and secondary education Rio Grande do Sul; has degree in economics. Prior joining Goulart was officer Court of Accounts, Rio Grande do Sul. Still holds civil service position of Fiscal Delegate, Guanabara State. Official visas issued him and family Rio October 7, 1960 for visit US purpose tourism.

GORDON

POL:[redacted]ds:rpc

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☑ In ☐ Out

FORM DS-323 11-61

Drafted by: | Contents and Classification Approved by:

Clearances:

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58-H CONFIDENTIAL

Action ARA

Control: 18620
Rec'd: March 27, 1962
6 pm

Info SS SR G PR P USIA INR RMR

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 2242, MARCH 27, 1 PM

ACTION: EST/B
INFO: S/S
RM/R FILES: file

EST/B June 4-19-62

DEPTEL 2679

BIOGRAPHIC INFORMATION RE CLODSMIDT RIANI DOB BORN OCT 15, 1920 IN RIO CASCA, MINAS GERAIS. MEMBER MINAS GERAIS LEGISLATURE REPRESENTING PTB, LONG-TIME LABOR LEADER ELECTRIC POWER INDUSTRY UNION JUIZ DE FORA AND STATE FEDERATION MINAS GERAIS. ELECTED PRES CNTI RECENTLY ON COMMUNIST-SUPPORTED SLATE RESULT INFLUENCE AND INTERVENTION PRES GOULART. FOR MANY YEARS HAS FOLLOWED COMMUNIST LINE DOMESTIC AND INTERNATIONAL ISSUES. SENT US JANUARY 1960 UNDER POINT IV LABOR TRAINING GRANT AS CALCULATED RISK WITH ATTORNEY-GENERAL WAIVER. ARTICLES WRITTEN ON US DURING TRIP AND PUBLIC STATEMENTS THEREAFTER FAVORABLE US. OTHERWISE HAS CONTINUED FOLLOW COMMUNIST CONNECTIONS AND POLICIES ON DOMESTIC AND INTERNATIONAL EVENTS. AT ILO MEETING BUENOS AIRES 1961 WAS ONLY LATIN AMERICAN LABOR DELEGATE SUPPORT COMMUNIST AND CASTRO POSITIONS. CURRENTLY SUPPORTS ESTABLISHMENT NEW LATIN-AMERICAN LABOR CONFEDERATION WITH COMMUNIST AND CASTRO MEMBERSHIP; THIS A LONG-TIME COMMUNIST OBJECTIVE. PRES GOULART BELIEVES RIANI MORE LOYAL HIM THAN TO COMMUNISTS. RECOMMEND COURTEOUS TREATMENT WITH DUE CAUTION.

GORDON

CC-22

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Declassified by RMR

Call Bob Wehle BR

Call Hammond re USIA

RIO 2242

732.11/3-2762 XR 832.062 732.521

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INCOMING TELEGRAM *Department of State*

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Control: 18774
Rec'd: March 28, 1962
12:16 AM

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FROM: Rio de Janeiro

TO: Secretary of State

NO: 2257, March 27, 7 PM

PRIORITY

Department telegram 2689

Gilberto Crockatt DA SA born 16 September 1901 Rio de Janeiro. Law graduate University of Brazil. Former Director National Department Labor, permanent lawyer Ministry Labor, long-time Chief Labor Advisor President Goulart. Currently government representative in governing council National Department Social Security. Chief instrument Goulart assistance to Commies during recent years. Presents himself to Americans as anti-Communist but actions to contrary. Thoroughly distrusted by anti-Communist labor elements. Reputation re morals and integrity poor. Recommend courteous handling with much caution.

BOND

COT

RIO 2257

832.052/3-2762

XR 732.521

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INCOMING TELEGRAM *Department of State*

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CONFIDENTIAL

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Control: 20557
Rec'd: March 30, 1962
12:23 a.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 2287, March 29, 6 PM

PRIORITY

ALSO PASS AID

RIO 2287

Reference: Department Telegram 2492 and Embassy transmittal slip March 16 to EST/Wellman

Domicio Velloso Da Silveira, according Embassy AID officer who knows him well, highly respected throughout whole confederation industry, honest, energetic, politically moderate. Does not speak English.

Confederation he heads, supported by compulsory industry contribution three percent payrolls, operates training schools (Senai) and social service system (Sesi) for industrial workers, conducts statistical and analytical research on industry, operates national productivity center in Rio, lobbies on behalf industry in state and national legislatures.

Velloso advocates aid to small and medium industry, has program for expanding productivity centers throughout country including center at Campina Grande (Paraiba) to serge whole Northeast. Is developing housing program. Velloso and confederation emphasize private not governmental investment. More interested in technical assistance than financial grants. Velloso plans see Moscoso and Hamilton on productivity program and possibly also on housing. Refer to AIDTO A-469 which requires phasing out former.

BOND

SAJ

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732.11/3-2962

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Action ARA

Control: 21073

Rec'd: March 30, 1962 12:30 pm

Info SS SR G CAP PR P USIA SY INR CIA NSA RMR

ACTION: ESMB

INFO:

RM/R FILES

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 2293, MARCH 30.

PRIORITY

RIO 2293

ARA/EST/B -

FOLLOWING FROM BRASILIA:

ANTONIO DE BARROS CARVALHO, MEMBER PRESIDENT GOULART'S OFFICIAL PARTY FOR VISIT U.S. BORN PALMEIRAS, PERNAMBUCO FEBRUARY 2, 1899. GRADUATE PERNAMBUCO FACULTY MEDICINE, SPECIALIST IN ECONOMIC AND FINANCIAL MATTERS. HELD FOLLOWING PUBLIC JOBS: PUBLIC PROSECUTOR IN PALMEIRAS, TAX INSPECTOR, SUPERINTENDANT OF FEDERAL TAX INSPECTION, TECHNICAL ADVISOR TO OFFICE OF MINISTER FINANCE. HAS ALSO BEEN: FARMER IN PALMEIRAS, TEACHER IN RECIFE HIGH SCHOOL, DIRECTOR "JORNAL PEQUENO" OF RECIFE (1945-46) EDITOR "DIARIO DE PERNAMBUCO", OF ESTADO DE MINAS GERAIS" AND OF "DIARIO DE SAO PAULO". ELECTED SUBSTITUTE FEDERAL DEPUTY FOR PERNAMBUCO BY UDN IN 1945 SERVED AS UDN FEDERAL DEPUTY FROM 1947-1958, ~~ELECTED~~ SENATOR FROM PERNAMBUCO 1958. PATENTLY MEMBER BRAZILIAN LABOR PARTY. AUTHOR SEVERAL WORKS ON TAX LAWS.

DERZI

FEDERAL DEPUTY RACHID SALDANHA DE~~R~~, ALSO MEMBER GOULART PARTY, BORN PONTO PORA, MATO GROSSO, OCTOBER 21, 1917. GRADUATE SCHOOL MEDICINE AND SURGERY RIO DE JANEIRO, IS DOCTOR AND CATTLE RANCHER, HAS BEEN MAYOR AND MUNICIPAL COUNCILMAN OF PONTA PORA, AND FEDERAL DEPUTY FOR UDN SINCE UDN SINCE JANUARY 1955.

732.11/3-3062 X R 732.521

BOND

BAP

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59

ACTION COPY

INCOMING TELEGRAM *Department of State* PERMANENT RECORD COPY

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OFFICIAL USE ONLY

Control: 21545
Rec'd: March 30, 1962 AM 6 52
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ACTION:
INFO:
RM/R FILES

FROM: Rio de Janeiro

TO: Secretary of State

NO: 2308, March 30, 9 p.m.

PRIORITY

ara/E 97/6-[illegible]
W-1662

Goulart Visit.

Charles Moritz, member President Goulart's official party, is President Confederacao Nacional Do Comercio and Federacao Do Comercio De Santa Catarina. Has extensive commercial interests Florianapolis. Friendly US and free enterprise. Interested cultural matters. Currently promoting within CNC despatch group businessmen US study labor relations under auspices USAID. Accompanied Goulart on trip Red China August 1961.

BOND

MRJ

RIO 2308

732.11/3-3062

X 12732, 52

Telegram to POR

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732.00/4-1862
APR 29 1962
XR 732.521

FOREIGN SERVICE DESPATCH

FROM : AmConGen RECIFE 176 NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. April 18, 1962 DATE

REF :

ACTION	INFO	O	S/P	NM/R	REP	AF	ARA	EUR	FE	NEA	CU	INR	E	P	IO	TCA
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RECD 5/4				AIR	ARMY	CIA	NAVY	OSD	OCB	USIA						

SUBJECT: Candidates from Pernambuco in 1962 Congressional Elections.

Attachment Number One to this despatch consists of a list of present senators and deputies from the State of Pernambuco and other persons expected to be candidates for those positions in the 1962 elections. Attachment Number Two is a tally of the votes won by each successful candidate for the Federal Chamber of Deputies in the 1958 elections.

Following each name in Attachment Number One is a concise statement of available information regarding the person's party affiliation and support, financial backing, political inclination, present or past positions, together with an estimate of his chances of victory in the coming elections. The information furnished in some cases is quite incomplete, but the Consulate General hopes to be able to furnish further details as the campaign develops and additional information becomes available. The number of known candidates for Congress at this time is relatively small but is expected to grow substantially within the next few months. Thus, the Consulate General intends to submit as many subsequent lists of this type as may be necessary to provide complete coverage.

A note of caution might well be sounded with regard to the estimates of the various candidates' prospects in the elections. A number of factors of possible influence on the elections' final results are imponderable at this time. For example, a substantial increase in the number of voters which is traceable to a freshly-acquired literacy would be expected to lend added strength to leftist candidates. The proportions of such an increase, however, will not be calculable until July or August of this year. Janio Quadros, so widely discredited following his big speech, could yet return to capture the imagination of the public to the extent of assuring the election of those candidates he

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FORM 6-61 FS-439 GPO 912596

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ACTION ASSIGNED TO:		ACTION TAKEN	
NAME OF OFFICER & OFFICE SYMBOL		DATE OF ACTION	DIRECTIONS TO RM/R

0949

candidates he favors. The early initiation of Alliance for Progress dramatic impact projects, on the other hand, could diminish the prospects of success of the state's leftist-nationalist anti-American candidates and enhance the chances of those candidates who identify themselves as friends of the United States. The estimates furnished, then, are preliminary and are subject to revision as the campaign gathers momentum.

D. Eugene Delgado-Arias
Consul General

Attachments:

1. List of present senators and deputies from State of Pernambuco and other persons expected to be candidates for those positions in the 1962 election.
2. Tally of the votes won by each-successful candidate for the Federal Chamber of Deputies in the 1958 elections.

INCOMING AIRGRAM *Department of State* 601.3248/4-2062

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UNCLASSIFIED
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XR 732.521

PAGE 1 OF 1 PAGES

Date Sent: April 20, 1962
Rec'd:

FROM: AmEmbassy WARSAW

TO: Department of State ATTENTION: INTELLIGENCE BRANCH

NO: A-589

RPT INFO: AmEmbassy RIO DE JANEIRO A-1

SUBJ: Request for Biographic Information: Maury Gurgel VALENTE

(1) The Embassy would appreciate receiving biographic information on Maury Gurgel VALENTE who presented his credentials as Brazilian Ambassador to Poland on April 11, 1962.

CABOT

DRAFTED
POL: FWJones

APPROVED
POL: LTStull

FWJonesJr:nf
(4/19/62)

UNCLASSIFIED
Classification

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0951

ADDRESS OFFICIAL COMMUNICATIONS TO
THE SECRETARY OF STATE
WASHINGTON 25, D. C.

This document consists of 1 pages
No. 1 of 6 Copies, Series A

DEPARTMENT OF STATE
WASHINGTON

April 26, 1962

answered by letter 5/10/62 - DK WB

OFFICIAL - INFORMAL

SECRET

Dear Linc:

As you know, during the Goulart visit, we heard rumblings to the effect that a prominent member of the entourage, Ambassador Hugo Gouthier, might be angling for Roberto Campos' job here.

The contents of Gouthier's biographic file (a copy of a recent report is attached) raise the question of whether he would be a happy choice for the post, from our viewpoint. These doubts are buttressed by the candid comments of several persons who have known him in the past. Woodie Wallner has described him as a long-time operator of malodorous repute, politically and financially, while Howard Cottam confirms Gouthier's reputation, adding that he undoubtedly took cash in barter deals involving Indonesian rubber and Brazilian jeeps.

Thus far we have no solid evidence that Gouthier will actually be proposed as Ambassador at Washington. However, it is certainly not beyond the realm of possibility that Goulart may have such a designation in mind. We would of course wish to avoid the unpleasant prospect of a request for agrément for Gouthier if at all possible. Under the circumstances it behooves us, I think, to take such precautions as we can.

I would, therefore, like to ask you, if you agree, to consider where and how you might best drop a hint that, in the event of a change of Brazilian Ambassadors in Washington, the nomination of Gouthier might not be looked upon as in the interest of good relations between the two countries, but rather might create a problem for us.

With best personal regards,

Sincerely,

Edwin M. Martin

Enclosure: As stated

The Honorable
Lincoln Gordon,
American Ambassador,
Rio de Janeiro.

SECRET

Rec'd Thurs. May 3, 1962
Reg # 705741

732.5-2/4-2662

0952

C-O-N-F-I-D-E-N-T-I-A-L

GOUTHIER de Oliveira Gondim, Hugo (Pronounced: Goo-tee-EH) BRAZIL

Ambassador to Italy

Hugo Gouthier, a career foreign service officer since 1936, was named Brazilian Ambassador to Italy in April 1960, having previously served as Consul General in New York (1954-56). He is considered to be very friendly toward the United States.

Born in Belo Horizonte, Minas Gerais, on 27 September 1909, Gouthier earned a law degree from the University of Minas Gerais and subsequently practiced as an attorney for the state government (1933). After serving for one year as private secretary to the Minister of Education and Health he joined the foreign service in 1936. His subsequent foreign posts include that of Commercial Attaché in Brussels (1937-39), Second Secretary of Embassy in Washington, (1939-44), First Secretary of Embassy in London (1944-47) and Paris (1947-48), and First Secretary and Counselor of Embassy in Washington (1948-50). After two years' service as chief of the Economic Division of the Foreign Office, he was appointed Minister to Iran. During his stay in Tehran, Gouthier's close friendship with the Shah antagonized Prime Minister Mossadegh. A letter which he wrote to the US Ambassador expressing views favorable to England in its controversy with Iran incensed the Prime Minister (to whom Gouthier sent a copy) to such a degree that he demanded Gouthier's recall. Although he was found guilty of violating regulations, his 90-day suspension was reversed and President Vargas appointed him Alternate Delegate to the United Nations in 1953. His next assignment was as Ambassador to Brussels, where he served from 1956 to 1958. Though regarded as talented and affable, Gouthier is thought to be uncommonly politically-minded for a foreign service officer. A close friend of Juscelino Kubitschek, he is believed to have accepted money from business representatives and others in return for arranging interviews with the former President.

Ambassador Gouthier is married to the former Laís Carvalho Araujo, and has two young daughters. He speaks English, in addition to his native Portuguese.

March 1962

C-O-N-F-I-D-E-N-T-I-A-L

Ans. 733.13/4-1162

0953

ORIGIN: (EA)

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Circular CW-8869

DEPARTMENT OF STATE
INSTRUCTION

FOR RM/R USE ONLY

CONFIDENTIAL

NO: CW-8869 May 7, 1962

SUBJECT: Biographic Information on Maury Gurgel Valente, Brazilian Ambassador to Poland

REF: Your A-589, April 20, 1962

TO: The American Embassy, WARSAW
RPTD INFO: RIO DE JANEIRO

In reply to referenced airgram, the following information is available to the Department on Maury Gurgel Valente, Brazilian Ambassador to Poland:

Valente was born in Rio de Janeiro on March 22, 1921, and is a 1943 graduate of the University of Brazil. Having served as Consul at Naples (1944-45) and second secretary at Bern (1946-49), he was transferred in 1952 to Washington, where he subsequently held the rank of First Secretary (1953-58) and Counselor (1958-60). He served briefly as Chargé d'Affaires in July 1959.

A reliable source reported in 1949 that, on certain occasions, he had shown "indications of leaning toward the left," and he was elsewhere reported to be "in sympathy with Marxist theories and had Jewish sympathies because of his marriage."

According to a source of ~~undetermined~~ reliability, Valente's wife, the former Clarisse Lispector, is a Russian-born Jewess who allegedly acted as a diplomatic courier for the Soviet Union during World War II. In 1941, while working for the National Department of Propaganda, she was reported to have used her influence in enabling the Communist newspaper, Hoje, to resume publication. As of 1952, the Valentes had one son.

Any information on Valente that may become available to Embassy, Warsaw during his tour of duty would be greatly appreciated by the Department.

BALL, ACTING

(BR-2)

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DRAFTED BY: INR/CS/BR:R.White:mm 3/5/62

CONTENTS AND CLASSIFICATION APPROVED BY: INR/CS/BR:William Radford

CLEARANCES:
INR/CS/ILB-S.Zagorski S.D.Z.
ARA/EST-JWWilson (in substance)
EUR/EE-AWortzel (in substance)
INR/RAR/P-WSimonson (in substance)

FORM DS-972 3-61

GPO 908028

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84

DEPARTMENT OF STATE

AIRGRAM

(Departmental and Foreign Service)

RIO A-168

A-168 NO. OFFICIAL USE ONLY

TO : Amembassy RIO DE JANEIRO

JUN 15 5 19 PM '62

FROM : Department of State DATE:

SUBJECT :

REF : TOAID 750

Please submit short biographical summary on Jose Luiz Pinto Coelho de Olivieira, member of COCAP. Data available here on other members.

RUSK

732.5321/6-1562

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FORM DS-323 1-61 OFFICIAL USE ONLY FOR DEPT. USE ONLY ☐ In ☒ Out

Drafted by: ARA:EST/B:GMSmith:cnz 6/15/62 Contents and Classification Approved by: EST - Mr. Wellman

Clearances:

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ORIGIN: 85

INR-6

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32

DEPARTMENT OF STATE
INSTRUCTION

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NO: CW-10128 June 19, 1962.

SUBJECT: Biographic Information on Arnaldo VASCONCELLOS, Brazilian Ambassador to Bolivia

REF: Embassy LA PAZ Operations Memorandum dated May 7, 1962

TO: The American Embassy, LA PAZ
RPTD INFO: RIO DE JANEIRO

In reply to referenced Operations Memorandum, the following information is available to the Department on Arnaldo Vasconcellos, Brazilian Ambassador to Bolivia: Arnaldo Vasconcellos has served in the Brazilian foreign service since 1938. A 1947 report describes him as being "very friendly toward the United States."

Vasconcellos was born in Rio de Janeiro on 27 June 1912 and is a 1933 graduate of the University of Rio de Janeiro Law Faculty. Entering the diplomatic service in 1938, he served in the Ministry of Foreign relations until 1941, when he was assigned to the Brazilian Consulate at New Orleans in the capacity of vice-consul. From New Orleans he was transferred in 1943, to the Consulate at Philadelphia, and from there to the Consulate General at Montreal in 1944. He has subsequently served as deputy vice-consul at New York (1948-49), first secretary at Mexico City (1949-51), Washington (1952), Caracas (1952-54), and minister-counselor at Bonn (1958-61). Vasconcellos has also attended numerous sessions of the UN's Food and Agriculture Organization (FAO).

Described in 1952 as being an "exceptionally nice person as well as an able one," the Ambassador and his wife Lillian are fluent in English and are said to enjoy congenial cocktail parties. They have two teen-age daughters.

Any information on Vasconcellos that may become available to the Embassy during his tour of duty would be greatly appreciated by the Department.

BALL, ACTING

(BR-2)

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CW 10128

732.5321/6-1962

XR 601.32A

DRAFTED BY: INR/CS/BR:R.White:mm 14/6/62 (RW)

CONTENTS AND CLASSIFICATION APPROVED BY: INR/CS/BR:William J. Radford (WJR)

CLEARANCES:
OS/ILE-C.Snider (in draft) (CS)
ARA/EST-J.W.Wilson(in substance) (JW)
ARA/WST-R.W.Weise (in substance) (RW)

FORM DS-972 3-61

GPO 808028

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732.00/6-2262

FOREIGN SERVICE DESPATCH

FROM : American Consulate General, RECIFE — 192 NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. — June 22, 1962 DATE

REF : Embassy Despatch 891

JUN 25 1962

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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), those 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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FORM 6-61 FS-439

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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.

D. Eugene Delgado-Arias
Consul General

Enclosure:

1. List of Key Political Figures in Pernambuco.

0958

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26

DEPARTMENT OF STATE

AIRGRAM

732.13/7-2062
XR 732.521
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A-91 NO. CONFIDENTIAL HANDLING INDICATOR

TO : Department of State

FROM : Amembassy Rio de Janeiro DATE: July 20, 1962

SUBJECT : Biographic Data on New Prime Minister Francisco Brochado da Rocha

REF : Embtels 81 and 94

(1)

Dr. Francisco Brochado da Rocha was born in Porto Alegre, Rio Grande do Sul, August 8, 1910. He was graduated in 1932 from the Porto Alegre College of Law.

Apparently devoting himself in the early years of his career to developing his law practice, now highly successful, da Rocha nevertheless held a number of minor municipal government positions. In 1946 he reached the state administrative level when he was appointed Secretary of Education and Culture. In 1947 he was elected State Deputy. In 1954 he won a competition for the lifetime Chair of Constitutional Law at the University of Rio Grande. In 1955 he was appointed Solicitor General of the Republic. In 1959, after Leonel Brizzola became Governor of Rio Grande do Sul, he was named Secretary of Public Safety; in 1960 he became Secretary of Interior and Justice.

Da Rocha has had a number of special assignments with the Ministry of Foreign Affairs, participating in a Cultural Mission sent to Montevideo in 1951 and representing his university in a Brazil-Uruguay Conference of Comparative Law in 1961. His written works include "O Congresso Nacional em face da Democracia Brasileira" (1954) and "O Governo Nacional" (1960).

Fighting on the Vargas side during the 1930 revolution, he was wounded and lost his left leg.

AMB
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FORM DS-323 4-62

Drafted by: POL:FMicelotta:rpc

Contents and Classification Approved by:

Clearances:

0959

He was married in 1932 to Jurema Caruso da Rocha and has one son, 28 years old, who teaches at the Porto Alegre College of Law.

Though a member of the PSD (Democratic Socialist Party) da Rocha in recent years has been close to Leonel Brizzola, serving as the latter's advisor during his campaign for the governorship in 1958 and ever since, even when not holding administrative posts. He was active in the 1958 expropriation of the Bond and Share Rio Grande subsidiary and in the recent IT&T expropriation.

A report on Brochado da Rocha's Cabinet will be submitted separately.

For the Ambassador:

Frank Micelotta
Third Secretary of Embassy

APPROVED:

Niles W. Bond
Deputy Chief of Mission

0960

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DEPARTMENT OF STATE

AIRGRAM

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RIO A-30

A-30,
NO.

CONFIDENTIAL
HANDLING INDICATOR

TO : The Ambassy, RIO DE JANEIRO

JUL 31 10 08 AM '62

FROM : DEPARTMENT OF STATE DATE:

SUBJECT : Request for Biographic Information on Three Brazilian Cabinet Officials

REF :

The Department would appreciate receiving all biographic information available on the following Brazilian cabinet officials: Minister of Education Roberto LIRA, Minister of Justice Candido de OLIVEIRA Neto, Acting Minister of Mines and Energy Celso PASSOS.

RUSK

732.5211/7-3162

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(32-c)

FORM DS-323

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Drafted by: RPU
INR/OR/DRE: [illegible] 7/27/62

Contents and Classification Approved by:
INR/OR/DRE: [illegible]

Classified (Unclassified in substance)
Authenticated (in substance)

0961

W I T H D R A W A L N O T I C E

RG: 059 TAB #: 21

ENTRY: CDF60-63 1 / 2 / C /

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BOX: 1584

ACCESS RESTRICTED

The item identified below has been withdrawn from this file:

Folder Title: 732.521/82062

Document Date: 20/08/62

Document Ser.#:

AGRAM A-207 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:

X Security-Classified Information

NND: 949515 WITHDRAWN: 02/24/95 by: JAS

FOIA RETRIEVAL #: 949515 01584 00021



ORIGIN/ACTION

ENR/B-10

RM/R	REP	EP
2		
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AGR	COM	FRB
INT	LAB	TAR
TR	XMB	AIR
ARMY	CIA	NAVY
OSD	USIA	NSA
		3

Belem-1
Recife-1
Rio de Janeiro-1

DEPARTMENT OF STATE

AIRGRAM

732.52/8-2262

FOR RM USE ONLY

A-21 (65) CONFIDENTIAL COURIER POUCH
NO. HANDLING INDICATOR

TO : DEPARTMENT OF STATE 1962 AUG 27 PM 3 39

CIA/AN
ANALYSIS & DISTRIBUTION
BRANCH

FROM : Amconsul SALVADOR DATE: August 22, 1962

SUBJECT: Biographic Data on Vasco Azevedo Filho

REF : Embassy's Letter of August 14, 1962

Vasco Azevedo Filho (UDN V) is a wealthy engineer and fazendeiro from Feira de Santana, once mayor of that town. He is of Juracy Magalhães' group within the UDN, and spends much money on elections. As reported in the Consulate's Airgram Number 5 of July 24, 1962, he has a reputation as an expert on roads, and may not be too honest.

C. Dirck Keyser
C. Dirck Keyser
American Consul

cc: Political Section, Rio
Political Section, Brasilia

DEPARTMENT please pass to Recife, Belem, and Consular Section, Ric

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SEP 13 9 58 AM '62

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FORM DS-323
8-62

Drafted by: C. Dirck Keyser
Contents and Classification Approved by:
Clearances:

MOVED 7 SEP 62
BALSBAUGH INR/IOS/BR
RM/R-FILE

TAC

0963

ORIGIN/ACTION

INR/B/10

RM/R 2	REP	AF
ARA 3	EUR	FE
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ARMY	CIA	NAVY
OSD	USIA	NSA 3

Belem - 1
Recife - 1
Rio de Janeiro - 1

DEPARTMENT OF STATE

AIRGRAM

732.521/82262

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A-22 NO.

OFFICIAL USE ONLY

COURIER HANDLING INDICATOR

TO : Department of State

1962 AUG 27 PM 3 39

REGION ANALYSIS & DISTRIBUTION BRANCH

FROM : Amconsul SALVADOR, Brazil

DATE: August 22, 1962

SUBJECT: Biographic Data on Antônio Magalhães Fraga.

REF : Embassy's Letter of August 14, 1962

Antônio Magalhães Fraga (PR) won 3,251 votes in the Bahia state assembly campaign in 1950, and was elected to the federal chamber by 16,777 votes in 1958, running on the PR ticket. He is not well-known. He is from the interior of the state, and is the only one of the four federal deputies of the PR who is not listed as having voted for the investiture of San Thiago Dantas, either because he was opposed to San Thiago or because he was absent when the vote was taken.

C. Dirck Keyser
C. Dirck Keyser
American Consul

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Sep 13 9 59 AM '62

cc: Political Sections, Brasilia and Rio.

Department please pass copies to Belem, Recife, and Consular Section, Rio.

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FORM DS-323 4-62

Drafted by: CDKeyser

Contents and Classification Approved by:

Clearances:

NOTED 7 Sep 62 BACOTT, INR/C&BR RMYR-FILE

0964

ORIGIN/ACTION

RM/R	REC	AF
2		
ARA 3	EUR	FE
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Belem - 1
Recife - 1
Rio de Janeiro - 1

DEPARTMENT OF STATE

AIRGRAM

732.521/8-2262

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A-17 (NO.) CONFIDENTIAL COURIER POUCH (HANDLING INDICATOR)

TO : DEPARTMENT OF STATE

62 AUG 27 PM 3 39

INR/A
ANALYSIS & DISTRIBUTION
BRANCH

FROM : Amconsul, SALVADOR DATE: August 22, 1962

SUBJECT: Biographic Data on Nonato Marques

REF : Embassy's Letter of August 14, 1962

Nonato Marques (PSD IV or V) won 1,886 votes and a position as a suplente in the 1947 Bahia state assembly elections, 4,663 votes on the PSD-PL slate for the state assembly in 1950, 15,557 votes on the PSD-PRP-PL slate for the federal chamber in 1954, and 10,887 votes and a position as a suplente on the PSD-PRP list in 1958. He announced during July of this year that, as a loyal follower of Vieira de Mello, he was very dissatisfied with the outcome of the Bahia state PSD convention, in which Waldir Pires received the nomination of the PSD for the governorship, and that he was going to shift to the PTB. In the end, he seems to have been talked out of this by Pires himself. He has recently been named president of the Caixa Economica da Bahia.

C. Dirck Keyser
C. Dirck Keyser
American Consul

cc: Political Section, Rio
Political Section, Brasilia

DEPARTMENT please pass to Recife, Belem, and Consular Section, Rio

AUG 27 9 57 AM '62
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FORM DS-323 4-62

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Drafted by: C. Dirck Keyser

Contents and Classification Approved by:

Clearances:

NOTED 7 Sep 62 BARLOW INR/RS/BR

RM/R - FILE

0965

ORIGIN/ACTION

EMB/R/B×10		
SMTH 2	ARA	AF
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ARMY	CIA	NAVY
OSD	USIA	NSA 3

Belem-1
Recife-1
Rio de Janeiro-1

DEPARTMENT OF STATE

AIRGRAM

732-52½/8-2262

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A-15 NO. LIMITED OFFICIAL USE courier pouch HANDLING INDICATOR

TO : DEPARTMENT OF STATE

1962 AUG 27 PM 3 39

INTELLIGENCE & RESEARCH ANALYSIS & DISTRIBUTION BRANCH

(2)

FROM : Amconsul SALVADOR DATE: August 22, 1962

SUBJECT: Biographic Data on Osvaldo Rubens or Oswaldo Ribeiro

REF : Embassy's Letter of August 14, 1962

In its letter of August 14, 1962, the Embassy inquired about a PSD federal deputy from Bahia named Osvaldo Rubens. According to information available to the Consulate, there is no such deputy. It has been suggested that the Embassy may have had reference to an Oswaldo Ribeiro, who was a PSD deputy from Bahia, and who is now dead. The Consulate has no data on Ribeiro.

C. Dirck Keyser
C. Dirck Keyser
American Consul

cc: Political Section, Rio
Political Section, Brasilia

DEPARTMENT please pass to Belem, Recife and Consular Section, Rio

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SEP 13 9 57 AM '62

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FORM DS-323 4-62

Drafted by: C. Dirck Keyser

Contents and Classification Approved by:

Clearances:

NOTED 7 Sep 62 BMB/72 INR/CS RM/R - FILE

0966

ORIGIN/ACTION

ENR/D-10		
RM/R 2	REP	AF
ARA 3	EUR	FE
NEA	CU	INR 5
E	P	IO
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AGR	COM	FRB
INT	LAB	TAR
TR	XMB	MIR
ARMY	CIA	NAVY
OSD	USIA	NSA 3

Belem-1
Recife-1
Rio de Janeiro

DEPARTMENT OF STATE

AIRGRAM

732.524/8-2262

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A-12 NO. | CONFIDENTIAL | COURIER POUCH HANDLING INDICATOR

1962 AUG 27 PM 3 29

TO : DEPARTMENT OF STATE

DATE: August 22, 1962

FROM : Amconsul SALVADOR

SUBJECT: Biographic Data on Hildebrando de Goes

REF : Embassy's Letter of August 14, 1962

Hildebrando de Goes (PSP V?) won 9,998 votes in Bahia in the 1945 election for the Chamber. In 1950, he won 5,941 votes and a position as a suplente for the UDN-PR-PSB-PSP-PDC coalition. In 1954, he won 25,839 votes as a PR-PDC candidate, and in 1958 had the greatest number of votes (24,000) of the PSD-PRP list. An undistinguished member of the PSD chamber delegation from 1959 to 1962, it was reported by the Diario de Noticias on May 23, 1962, that he would join the PSP on June 4, 1962. The Consulate has been unable to confirm that he did so, but has no information that he did not. At one time Goes was connected with the Ministry of Public Works, where he was in charge of ports and channels work. He is connected with Orlando Moscozo Barreto de Araujo (PR V), the present vice governor of Bahia and an ally of Antônio Balbino (PSD III, IV, V, or VI), who is supposed to have profited greatly from graft arranged through this office of the Public Works Ministry. Goes is not known either as a leftist or as a rightist, and is said to be more or less centrist. He might be a Balbinista.

C. Dirck Keyser
American Consul

FILED
SEP 13 9 57 AM '62

cc: Political Section, Rio
Political Section, Brasilia

DEPARTMENT Please pass to Belem, Recife, and Consular Section, Rio

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FORM DS-323 4-62

Drafted by: C. Dirck Keyser

Contents and Classification Approved by:

Clearances:

NOTED 7 SEP 62 BSB/RR, NP/CSTR RM/R-FILE

TNC

0967

WITHDRAWAL NOTICE

RG: 059

ENTRY: CDF60-63

TAB #: 22

1 / 3 / C /
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BOX: 1584

ACCESS RESTRICTED

The item identified below has been withdrawn from this file:

Folder Title: 732.521/10-962

Document Date: 09/10/62

Document Ser.#:

AGRAM A-404 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:

X Security-Classified Information

NND: 949515

WITHDRAWN: 02/24/95 by: JAS

FOIA RETRIEVAL #: 949515 01584 00022

0968

ORIGIN/ACTION

INR/16-12

RM/R | REP | AF

ARA 3 | EUR | FE

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INT | LAB | TAR

TR | XMB | AIR

ARMY | CIA | NAVY

OSD | USIA | NSA

INR/RA2

DEPARTMENT OF STATE 54

AIRGRAM

FOR RM USE ONLY

CA-4332
NO.

OFFICIAL USE ONLY
HANDLING INDICATOR

TO : The Amembassy, RIO DE JANEIRO

INFO : BRASILIA, RECIFE

Oct 24 12 03 PM '62

FROM : DEPARTMENT OF STATE DATE:

SUBJECT : Request for biographic information.

REF :

The Department would appreciate receiving biographic information on the following Brazilians: General Albino Silva, Chief of the Military Household; Lyo Magalhaes, Mayor of Brasilia; General Castello Branco, CG of Fourth Army; Maria Tereza Goulart, wife of the President; Lafayette de Andrade, President of the Supreme Court; Dom Carlos Coelho, Archbishop of Recife and Olinda.

RUSK

(1)

Withdrawn

OFFICIAL USE ONLY

FORM DS-323

FOR DEPT. USE ONLY

Drafted by: INR/CS/BR:RWhitelaw 23/10/62

Cleared: CWalker (in draft)

ARA/BR:RShields (in substance)

Contents and Classification Approved by: INR/CS/BR:Mr. William A. Hoffrock

CA-4332
732.521/10-2462

0969

ORIGIN/ACTION
ARA-4

RM/R	REP	AF
ARA	EUR	FE
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OSD	USIA	NSA

RmAR-McPeters-1

DEPARTMENT OF STATE

AIRGRAM

FOR RM USE ONLY

CA-5108.
NO.

OFFICIAL USE ONLY

HANDLING INDICATOR

1962 NOV 8 AM 11 44

TO : Amembassy, RIO DE JANEIRO

INFO: Amembassy, BRASILIA

FROM : Department of State DATE:

SUBJECT : Request for Biographic Information

REF : CA-4332

CA-4332 requested biographic information on various Brazilians, including General Albino Silva, Chief President's Military Household. General Silva's recent Cuban mission makes him of particular interest, and Department hopes Embassy will be able submit data on him soon.

RUSK

Circulate CA-5108 re CA-4332 11-8-62

Reproduced by NARA

(1)

FORM DS-323
4-63

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In Out

Drafted by: ARA:RSF/B:RHSheerin:als 11/7/62 1865

Cleared and Classification Approved by: AF - Mr. Wellman

Clearances: ENR/B - Mr. Burton RB
INR/RAR - Mr. Schneider (in substance)
INR/CS/HR - Mr. Muite (in substance)

0970

ORIGIN/ACTION

INR/R 1	REA	AF
ARA 3	EUR	FE
NEA	CU	INR 5
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AGR	COM	FRB
INT	LAB	TAR
TR	XMB	AIR
ARMY	CIA 10	NAVY
OSD	USIA	NSA 3

DEPARTMENT OF STATE

AIRGRAM

FOR RM USE ONLY

CA-5500, NO.

CONFIDENTIAL

HANDLING INDICATOR

TO : Amembassy, RIO DE JANEIRO

INFO: BRASILIA

FROM : DEPARTMENT OF STATE

DATE: Nov 19 12 44 PM '62

SUBJECT: Brazilian Elections of October 7, 1962

REF :

Another agency of the Government has requested a copy of the documents in the Embassy's biographic files on all candidates known to have been elected last month to their first term of office in the Chamber of Deputies. Re-elected incumbents and new incumbents already reported upon may be excluded. Material on the remaining new deputies should be forwarded as their success becomes evident.

Answers to the following questions have also been requested.

1. What was the total number of candidates for the Chamber of Deputies?

2. How many of these were incumbents?

The Embassy's cooperation will be appreciated.

RUSK

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FOR DEPT. USE ONLY

FORM DS-323 4-62

Drafted by: INR/C&D:DSimmons 11/16/62

Contents and Classification Approved: INR/C&D:CSnider

Clearances: RAR - Mr. Ronald Schneider (in substance)

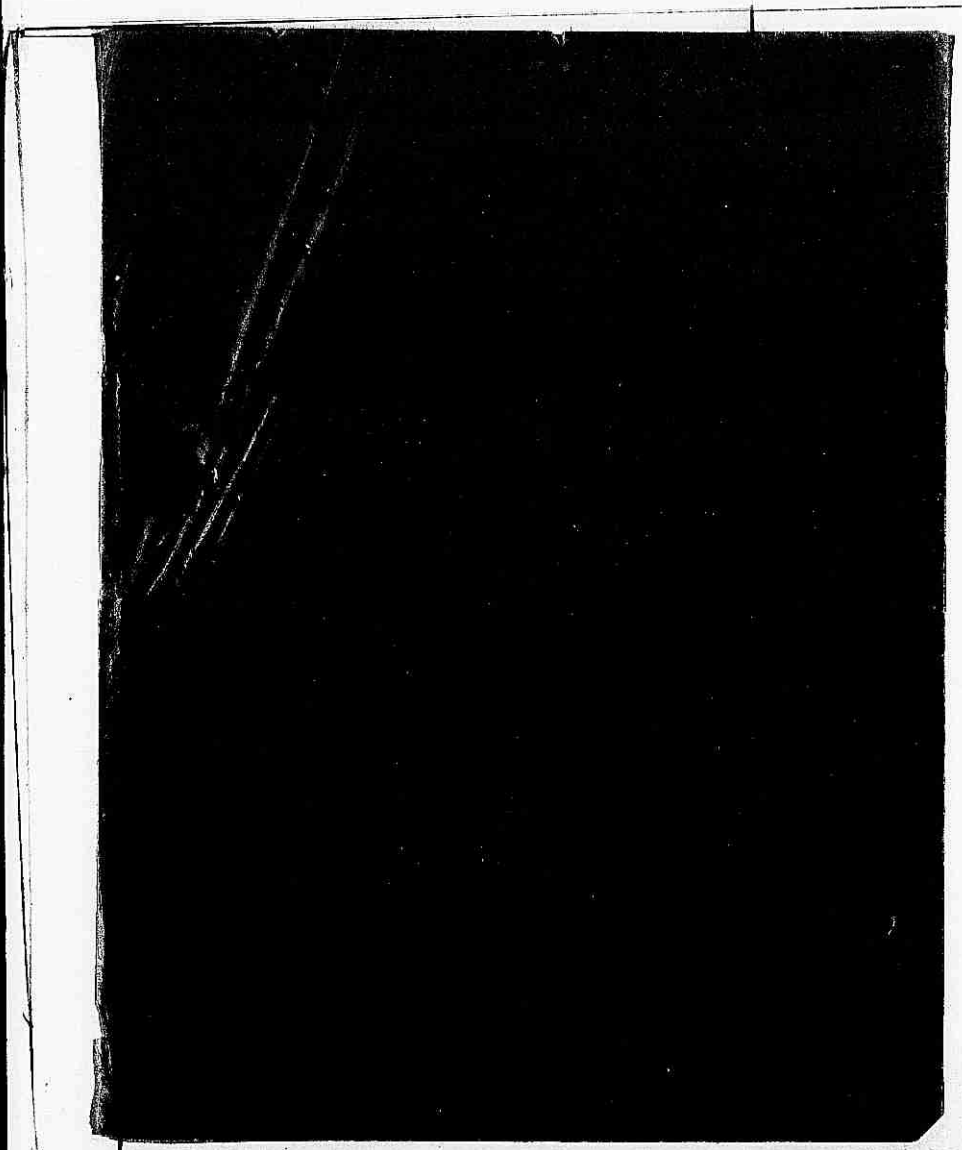
ARA/RST/B - Mr. Ralph J. Burton

Document 09-5500

732.5321/11-1962

XR 732.00

0971



0972

1 33

INCOMING TELEGRAM *Department of State*

ACTION COPY

PERMANENT RECORD COPY

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43
Action
SS

Info

Control: 2573
Rec'd: December 5, 1962
10:51 p.m.

001

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1094, December 5, 7 p.m.

Rio de Janeiro 1094

PRIORITY.

LIMIT DISTRIBUTION S/S.

Department telegram 1211. DTeu tel 12/4

After year relative quiet on August 26 Marshal Lott in JORNAL DO BRASIL interview termed Ato Adicional unconstitutional since passed during "state of siege", position consistent his stand during August 1961 crisis, and generally speaking supporting position Goulart taking at time. Lott was offered Ministry Mines and Energy in September when Hermes Lima cabinet formed, presumably to give dignity to otherwise somewhat dubious slate, but turned it down. Since then he has not been attending major ceremonies and has been close-mouthed when press has sought his comments on various events.

732.5221/12-562

Lott's public position during August 1961 crisis was twofold: 1) to preserve constitution Goulart had to be recognized as President, and 2) best way to control him was from behind scenes without attempting to have congress reduce his powers under duress. If this was his real position, he may have been right since things have not worked out well the way Denys and others finally agreed to arrange them. At same time Lott's recent ventures into politics have been notably unsuccessful.

Interestingly

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ACTION ASSIGNED TO	No Action ARA:LA/BR	ACTION TAKEN	CONFIDENTIAL	DIRECTIONS TO RM/R	
NAME OF OFFICER & OFFICE SYMBOL	R. Burton	DATE OF ACTION	JUL 25 1963		7/26/63

0973

Interestingly enough Lott's successful 1955 coup contained same two elements - - Goulart and "defense of legality".

His defense of Goulart on 3 occasions mentioned was presumably only incidental to his publicly avowed defense of legality. Latter, however, is stand which could in future cut either of two ways depending on circumstances.

BOND

SJR

0974

75

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT ☐ CHARGE TO

UNCLASSIFIED

Classification

058170

Dec 14 9 38 PM '62

RIO DE JANEIRO 1275

Origin

Info:

ACTION: Amembassy RIO DE JANEIRO 1275

Info: Recife 179

FROM BALDRIGE

Surgical Trade Foundation needs photograph and short biography of Dr. Figueira to help solicit needed equipment from surgical companies. Please send me soonest.

END

DATE

711.11-KE/12-1462

XR 732.55

(3)

Initialed by DRS

Drafted by: WH:Miss Baldrige

Telegraphic transmission and classification approved by: S/S - C. K. Johnson

Clearances:

UNCLASSIFIED

Classification

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FORM DS-322

0975

ORIGIN A: INR

INR/D-IC

RMR	REP	AF
ARA	EUR	FE
NEA	CU	INR
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AGR	COM	FRB
INT	LAB	TAR
TR	XMB	AIR
ARMY	CIA	NAVY
OSD	USIA	NSA

AMB
DCM
POL (2)
POL II
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Labor
Brasilia(5)
POLAD/
CINCARIB
SVS, ATT.
CF (3)
Asuncion
Belo Horiz.
Belem
Curitiba
Porto Alegre
Recife
Salvador
Santos
Sal Paulo(2)

DEPARTMENT OF STATE

AIRGRAM

Pol 3234/12-2862
XR 732.5221
FOR OFFICIAL USE ONLY

A-738 — CONFIDENTIAL — HANDLING INDICATOR

TO : Department of State

FROM : AmEmbassy RIO DE JANEIRO DATE: December 28, 1962

SUBJECT : Biographic Data - Mario de Ascencao PALMERIO
Brazilian Ambassador to Paraguay

REF :

Vital Statistics: Born in Monte Carmelo, State of Minas Gerais, Brazil, March 1, 1916. Parents: Francisco Palmerio and Maria da Gloria Palmerio. Married to: Cecilia Arantes Palmerio. Children: A son, Marcelo; and a daughter, Marilia.

Education: Details are at present unknown to the Embassy. Our meager records indicate that after making some progress in the medical-dental profession he abandoned the latter for politics. At some point in his schooling, he attended the Brazilian Superior War College. Before his entry into the political arena (circa 1950), he was a "professor" in the Colegio Triangulo Mineiro--a private institution, founded by his own family, offering courses in law, commerce, dentistry, medicine and pharmacy--located in the town of Uberaba, Minas Gerais.

Career: In the late 1940s Palmerio found time from his activities as a teacher and writer to run for the office, which he won, of Mayor of Uberaba. He was elected Federal Deputy from Minas Gerais in 1950 and remained in the Chamber until his selection as Ambassador to Paraguay in September, 1962. He has served on the Minas Gerais State Executive Committee of the Brazilian Labor Party (PTB). A devoted admirer of the late President Vargas, Palmerio styled himself in his first campaign for the federal legislature as "Getulio's candidate". He is the author of at least two books: Vila dos Confins and Endereco de Residencia. At the time of his ambassadorial designation, the Embassy received a report (as yet unverified) that Palmerio had at one time served as president of the

FORM DS-323 — CONFIDENTIAL — FOR DEPT. USE ONLY In Out

Drafted by: POL:CCCarson/rstp
Contents and Classification Approved by: DCM: - Minister Bond
Clearances: POL:JKeppel

0976

Sociedade Cultural Sino-Brasileira, a communist-front organization in Rio de Janeiro.

Comment: From the foregoing, one would assume that Palmerio is a man of prodigious talents. The truth seems to be, however, that despite a most admirable energy and ambition, he has never excelled in any of his many fields of endeavor and has become a political hack at a fairly early age. In an editorial of September 3, 1962, entitled "Improvised Diplomacy" the Rio daily Jornal do Brasil (which seldom finds any fault with the Goulart regime) commented acidly about Palmerio's appointment to Asuncion, complaining that "it is difficult to explain to the public this constant introduction of neophytes into international affairs and the conferring upon them of missions of importance to Brazilian diplomacy". The Jornal found that although the Foreign Office's Rio Branco Institute is one of the world's finest institutions for the training of diplomats, the choice of Brazilian ambassadors is too often falling to the Army and Navy officers "...or to politicians without any importance whatsoever in Brazilian life". The Jornal went on: "Certain distant countries, such as Honduras, may even accept Lutero Vargas without precipitating any major complications for our foreign policy. Others, such as Paraguay where in the time of the Empire we maintained a policy of extraordinary lucidity that was initiated and executed by the Vicount of Rio Branco himself, have lately been turned into fiefs of the military and, in this particular case, the latter are leaving the field to the Brazilian Labor Party in the person of Deputy Mario Palmerio whose literary merits are recognized but whose diplomatic qualities are unknown".

Palmerio appears to be another of the leftist ultra-nationalists in President Goulart's entourage.

For the Ambassador:

Charles C. Carson

Charles C. Carson
Second Secretary

0977

INCOMING TELEGRAM

Department of State

ACTION COPY

PERMANENT RECORD COPY

39-W
Action

ARA
Info
SS
RMR

UNCLASSIFIED

NUMBERED
Control: 12293
Rec'd: January 19, 1963
2:18 p.m.

INFO:
RM/R FILES

FROM: White House Washington D.C.

TO: Secretary of State

NO: Cite WH30039, 19185 0Z January

NIACT

ACTION RIO DE JANEIRO, INFORMATION STATE DEPARTMENT S/S.

FROM BALDRIGE TO AMBASSADOR GORDON

Reference: SECSTATE action 1352

Received photographs, biographic data Dr. Figueira January 18. Already in hands of American Surgical Trade Association. Thanks so much.

WFG
NOTE: Advance copy SS, 1/19/2:50 p.m., CWO=JSW

WHITE HOUSE

731.521/1-1963

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FEB- 4 1963

Declassified by RE/R

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NAME OF OFFICER & OFFICE SYMBOL		DATE OF ACTION		DIRECTIONS TO RM/R

OUTGOING TELEGRAM **Department of State**

INDICATE ☐ COLLECT ☐ CHARGE TO

LIMITED OFFICIAL USE
Classification

09037

JAN 21 6 06 PM '63

Origin

ACTION: AmConsulate SALVADOR, BAHIA

Info

INFO: Amembassy RIO DE JANEIRO

Request biographic data (family background, interests, languages spoken, etc.) on wife Governor-elect Lomanto.

END.

RUSK

SALVADOR 17 732.521/1 2163 XR 732.12

Authorized by

Drafted by: ARA:EST/B:RFShields:am 1/21/63

Telegraphic transmission and classification approved by: EST - Mr. Wellman

Clearances:
EST/B:RJBurton
CU - Mr. Sanchez (in substance)

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Form DS-322

0979

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57 52
Action
ARA
Info
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CU
USIA
INR
CIA
NSA
RMR

LIMITED OFFICIAL USE

Control: 1559Ø
Rec'd: JANUARY 24, 1963
3:36 PM

COPIES REC'D ARA
NUMBERED

FROM: SALVADOR

TO: Secretary of State

NO: 11, JANUARY 23, 8 PM

PRIORITY

ACTION DEPARTMENT 11, INFORMATION RIO DE JANEIRO 19Ø

WIFE GOVERNOR LOMANTO FAMILY ESTABLISHED BAHIA COLONIAL TIMES. GRANDFATHER WITH LITTLE MEANS MOVED TO JEQUIE WHERE STARTED FAMILY FORTUNE IN CATTLE AND CACAO WHICH WAS MUCH DEVELOPED BY FATHER. HILDETE BORN THERE JUNE 6, 24. HAS BROTHER WHO ADMINISTERS ESTATE AND SISTER BOTH MARRIED. PRIMARY SCHOOLING IN JEQUIE SECONDARY AND NORMAL SCHOOL IN SALVADOR RELIGIOUS ORDER.

ALSO COMPLETED TWO YEAR SECRETARIAL COURSE HERE DURING WHICH STUDIED FRENCH, ENGLISH. UNDERSTANDS LATTER BUT WEAK IN EXPRESSION, FRENCH STRONGER. BECAME PRESIDENT LOCAL BRAZILIAN ASSISTANCE LEGION AFTER HUSBAND ELECTED MAYOR JEQUIE 195Ø AND HAS SINCE TAKEN MUCH INTEREST IN SOCIAL WORK THERE. STARTED TECHNICAL SCHOOL FOR ABANDONED CHILDREN AND CHILD CARE CENTER. INSPIRED CREATION OLD FOLKS HOME SPONSORED BY HER FAMILY AFTER FATHER'S DEATH 1955. INTENDS CONDUCT SOCIAL WELFARE WORK SALVADOR AS GOVERNOR'S WIFE. INTERESTED IN CLASSICAL AND MODERN MUSIC. TRAVELLED WITH HUSBAND EUROPE TWICE US ONCE.

MIDKIFF

COT/25

SALVADOR 11

732.521/1-2363

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ACTION ASSIGNED TO: ARA/EST/B	ACTION TAKEN: sent	
NAME OF OFFICER & OFFICE SYMBOL: R J Buxton	DATE OF ACTION: 1/31/63	DIRECTIONS TO RM/R: file

GPO 930 500

0980

DEPARTMENT OF STATE

AIRGRAM

732.521/1-3163

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A-882 NO. | CONFIDENTIAL | PM HANDLING INDICATOR

1963 FEB 6

TO : Department of State

INFO : AmEmbassy ASUNCION
AmConsul BELO HORIZONTE

FROM : AmEmbassy RIO DE JANEIRO DATE: January 31, 1963

SUBJECT : Biographic Data - Mario de Asençao PALMERIO, Brazilian Ambassador to Paraguay

REF : Embassy's A-738, December 28, 1962

Consul Edmund A. da Silveira at Belo Horizonte has prepared, by memorandum to the Embassy dated January 25, 1963, the following additional information on Ambassador Palmerio:

"Vital Statistics: Millionaire from traditional family in Uberaba, Minas Gerais. Has a son, Marcelo, about 20 years old; and a daughter, Marilia, about 18 years old.

"Education: Secondary studies in Colegio Diocesano in Uberaba, and Colegio Regina Pacis, in Araguari -- both schools in Minas Gerais -- having been graduated in 1933. In 1935, he registered in Military School of Realengo in Rio, leaving this school the folbwing year for reasons of health.

"Career: In 1936, he went to work for the Banco Hipotecario e Agricola of Minas Gerais after having passed a competitive examination. He was assigned to the Sao Paulo branch of that Bank. He became a secondary school teacher, beginning as a mathematics teacher in the Colegio Pan-Americano in Sao Paulo, which was sponsored by the Paulista School of Medicine. He started teaching in other schools and soon made teaching a full time career. In 1939, he registered in the mathematics section of the School of Philosophy in the University of Sao Paulo, at which time he also began teaching in the High School of the Polytechnic Institute by appointment of the Government of the State of Sao Paulo.

"He founded the Colegio Triangulo Mineiro and the Technical School of Commerce of the Triangulo Mineiro, in Uberaba, Minas

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FORM DS-323 4-62

Drafted by: POL:EAdaSilveira/CCCarson/rstp

Comments and Classification Approved by: DCM - Minister Mein

Clearances:

Information noted 12 Feb 1963
Gwhite INR/CS/BR

AMB
DCM
POL (5)
POL II
Brasilia(5)
USIS
CF(3)

0981

Gerais, in 1945, when he started the construction of the first buildings. In 1947, the Federal Government authorized the operation of the Dentistry School of the Triangulo Mineiro, also founded by Mario Palmerio. In 1950, he founded the School of Law and in 1953 the School of Medicine, both in the Triangulo Mineiro.

"In 1950, he was elected Federal deputy on the Brazilian Labor Party (PTB) ticket. Throughout his first term of office, 1950-1954, he was vice president of the Education and Cultural Affairs Committee in the Chamber of Deputies. Re-elected in 1954, he became a member of the Budget Committee and of the Chamber's Executive Committee. On the recommendation of the Speaker of the Chamber, Mario Palmerio registered in 1955 in the Superior War College, where he completed the course of studies given by that school. He kept up his interest in the promotion of educational facilities in Uberaba, founding in 1956 the Engineering School of the Triangulo Mineiro.

"When he was 40 years old, he wrote Vila dos Confins, an excellent description of life and politics in the villages of western Minas. The book is very highly regarded, both as a work of literature and as a perceptive portrayal of life in that region (I have read the book and fully agree with this view).

"His interest in the educational development of the Uberaba area continues.

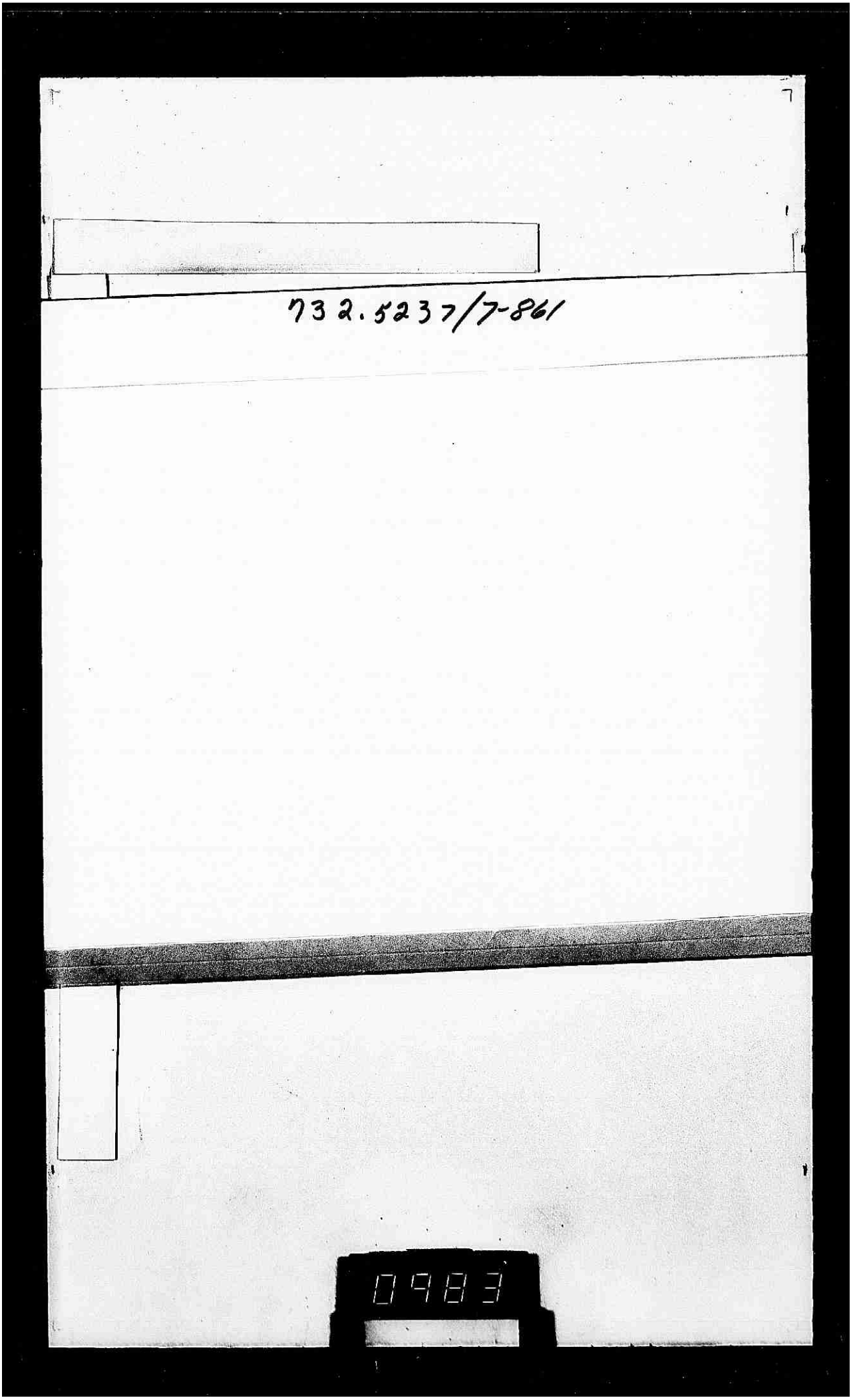
"Political Attitude: He is considered a leftist ultra-nationalist and a useful innocent of the Communists."

For the Ambassador:

Charles C. Carson

Charles C. Carson
Second Secretary

0982


732.5237/7-861
0983

Air Pouch
PRIORITY

CONFIDENTIAL
(Security Classification)

DO NOT TYPE IN THIS SPACE
732.52 3/7-861
JUL 12 1961
XR 932.40
732.00

FOREIGN SERVICE DESPATCH

10
DESP. NO.

July 8, 1961
DATE

FROM : Amconsulate Recife

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF :

	ACTION		DEPT.
55 For Dept. Use Only	ARA-4	INFO	ARA/R-2 INA-2 E-3 SY-2
	REC'D 7/19		OTHER CIA-10 USIA-10 OSD-5 army/4 navy/4 air-6 NSA-4 NSC-2 FBI-1

SUBJECT: Clandestine Radio Operating at Recife

The Consulate has been informed reliably that a clandestine radio is in operation at Recife, probably under the direction of Cuban agents. The radio apparently has been set up just recently, and is engaged mainly at present in test messages. However, Brazilian military intelligence has transcribed at least one full message, a copy of which may be made available to the Consulate in future. The radio has been operating on 7,500 kilocycles (HF) mainly between the hours of 7 to 9 p.m. It reportedly has been in contact with Camaguey, Cuba, Buenos Aires, Argentina, and an unnamed city in Chile. Brazilian military intelligence is attempting to track down the set but thus far has been unsuccessful. Please inform NSA.

This information is regarded by the Consulate as evidence that Cuban and/or communist agents probably plan to step-up their organizational framework and activities in this area.

Albert A. Rabida
American Consul

732.5237/7-861 TS CLASSIFIED FILE

cc: Amemb Ric de Janeiro (2 - please pass 1 to Air Attache)

AARabida/aar
REPORTER

CONFIDENTIAL

ACTION COPY — DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

0984

32

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CONFIDENTIAL

NUMBERED
Control: 7743
Rec'd: Oct. 13, 1961
12:37 AM

Action transferred to ARA:CMA by EST/B:JWWilson:lms 10/13/61. julbelen - lms

INFO:
RM/R FILES

FROM: Rio-de-Janeiro

TO: Secretary of State

NO: 948, October 12, 1 p.m.

Foreign Office official informs Embassy Officer in confidence Cuban Charge has protested to Foreign Office that documents evidencing Cuban subversion in Argentina are false, offering as "proof" (1) such documents would never be signed by Olivares but by Department heads; (2) numbering of documents false since series not yet that high.

BOND

DMJ/1

Was repeated to BB

RIO 948
Filed 10/10/61 RMA
732.5237/10-1261

FILED
FEB 7 - 1962

(2)

CLASSIFIED FILE

Microfilmed by RM/R

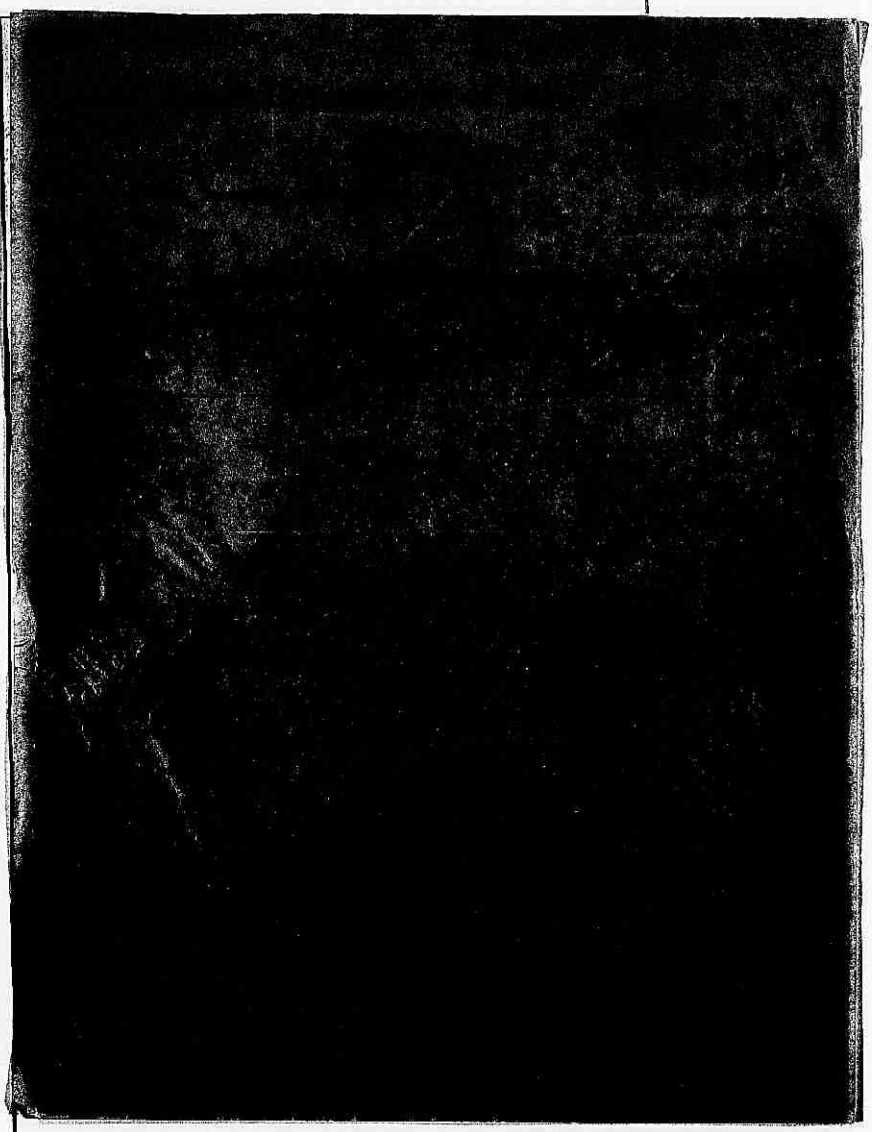
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ACTION ASSIGNED TO		ACTION TAKEN	
NAME OF OFFICER & OFFICE SYMBOL		DATE OF ACTION	DIRECTIONS TO RM/R

0985



0986

02

INCOMING TELEGRAM *Department of State*

ACTION COPY
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CONFIDENTIAL

Control: 15812
Rec'd: May 22, 1962
10:30 a.m.

INFO:
RM/R FILES: file

FROM: Rio de Janeiro

TO: Secretary of State

NO: 2752, May 21, 5 p.m.

no action
E.S.T./6 J.W.W.
5-24-62

FOLLOWING FROM BRASILIA:

Leaks to press of "secret" discussion Cabinet meeting May 18 reports Navy Minister seconded by Army Minister greatly concerned over "subversive activities" Cuban Ambassador Armas. Reportedly read to meeting secret report Ministry War to Ministry Justice indicating Cuban making speeches, showing MOVIE and distributing literature on Cuban Revolution in States Guanabara and Rio de Janeiro. In latter said to use automobile without diplomatic plates.

Minister Justice has denied to press that Federal authorities are surveilling Cuban Ambassador adding that responsibility such activities would fall to Guanabara political and social police. However, journalist friendly to Embassy States Minister in fact admitted to him privately that Federal Security Police are watching Cuban Ambassador under orders President Goulart. Embassy believes leak was deliberate and meant as warning to Cuban.

GORDON

FILED
JUL - 2 1962

REP-6

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(1)

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NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

732.5T2 3T/5-2162

0987

Copy #11 Destroyed, Mark

OUTGOING TELEGRAM Department of State

0 6 6 4 2

INDICATE: ☐ COLLECT ☐ CHARGE TO

SECRET
Classification

JAN 0 8 33 PM '63

ACTION: Embassy, Rio DE [illegible] priority
INFO: Embassy, LIMA [illegible]

Embtel 1169.
[illegible]

Copley News Service now has story from Rio correspondent whose source is Lacerda on evidence Cuban subversive activity in Brazil. We have verified from Copley that story alleges 1) Peruvians have delivered to GOB documentation on Cuban subversive activity in Brazil, 2) GOB has enough information to justify break of relations with Cuba, 3) Peru threatening present documentation to OAS, and Brazil in turn threatening to break relations with Peru if this done. Copley has not yet released story but will probably do so soon.

Our examination document taken from body member Cuban FAO delegation after plane crash Lima indicates that document authentic and we believe in view increasing press stories and speculation, it would be desirable and useful to give it publicity.

[redacted]

Several possible courses of action.

1. Leave Embassy on lines of above news story, perhaps [illegible] sources source, and suggesting GOB might want to [illegible]

(2)

[redacted]

Drafted by: [redacted] 1/8/63

Classification approved by: [redacted]

TEM released with Mr. Secrest [illegible]

[redacted]

Authenticating officer

Telegraphic transmission and number approved by:

[redacted]

FORM DS-322

0988

Secret
Classification

get ahead of them and release document with comment as to action to be taken.

2. Inform Goulart of story, stress importance of matter and dangers in garbled release and comments and indicate US, which given it by Peruvians, feels it must become public so Hemisphere can better understand nature of threat, but wants to know first, of course, what Brazil plans to do with it.

In either case we might wish to stress importance of making document available to SCCS, even if not made public, plus of course any other evidence on Cuban plotting.

Let us have your views soonest.

RUSK

Classification

0989

INCOMING TELEGRAM (10) *Department of State* ACTION COPY PERMANENT RECORD COPY

57 L
Action

SECRET

NUMBERED
Control: 12337
Rec'd: JANUARY 19, 1963
3:45 PM
AC
INFO
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To 1362

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RMR

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 1362, JANUARY 19, 2 PM

NIACT

ACTION DEPARTMENT 1362; INFORMATION LIMA 18.

DEPTEL 1415 INFO LIMA 420

NUMBER OF PEOPLE OUTSIDE OR OUT OF SYMPATHY WITH GOB APPARENTLY HAVE COPIES OF LIMA AIRCRASH DOCUMENTS. LACERDA AND COMPANY AT LEAST HAVE KNOWLEDGE OF COMPROMISING GOB CORRESPONDENCE THAT REGARD ALONG LINES COPLEY NEWS SERVICE STORY ALTHOUGH NOT INCLUDING THREAT BREAK RELATIONS WITH PERU. BREAKING OF STORY HERE BY PRESS OR IN BRAZILIAN CONGRESS THUS SEEMS IMMINENT THROUGH ANY OF SEVERAL CHANNELS. WE WOULD GREATLY PREFER STORY TO BREAK HERE OR IN LIMA FIRST. SUGGEST YOU TRY DELAY COPLEY PUBLICATION AND IN ANY EVENT URGE MOST STRONGLY THAT COPLEY NOT CITE LACERDA AS SOURCE.

I MENTIONED MATTER OF AIRCRASH DOCUMENTS TO BERNARDS AT LUNCH YESTERDAY AND WILL TRY GET WORD TO HIM OR FORMIN SOONEST THAT PUBLICATION IN US LIKELY SOON, THOUGH NOT THROUGH USG ACTION, USING LINE YOUR SUGGESTED COURSE OF ACTION NUMBER ONE AND ALSO POINT ABOUT IMPORTANCE OF MAKING DOCUMENTS AVAILABLE TO SOAS.

SINCE DICTATING ABOVE, I SPOKE TO BERNARDES, WHO SAYS HIS PERSONAL VIEW IS THAT DOCUMENTS SHOULD BE RELEASED HERE TO PRESS, WHICH WILL DEMONSTRATE THAT THEIR IMPORTANCE HAS BEEN GREATLY EXAGGERATED. HE WILL CONSULT HERMES LIMA AND PROMISED TO CALL MONDAY.

GORDON

Microfilmed by RM/R

Note: Advance copies to ARA SS INR 1/19 CWO JRL
MRJ

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GPO 930 500

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(Security Classification)

DO NOT TYPE IN THIS SPACE
732.5261/7-861
JUL 12 1961
XR 761.521

FOREIGN SERVICE DESPATCH

FROM : Amconsulate Recife

9
DESP. NO.

July 6, 1961
DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF :

20 For Dept. Use Only	ACTION	DEPT.	
	INR-7	INFO	RM/R-2 ARA-4 EUR-5 S/S-2
	REC'D 7-19-61	OTHER	CIA-10 NSA-4 OSD-5 ARMY-4 NAVY-4 AIR-6 FBI-1

SUBJECT: Russian Reportedly Working at Recife

(2)

It has been reported that a Russian (Ukrainian) citizen, Pedro or Peter PETRIJKIW OR PETRIKIW is currently employed as a clerk at the Hotel Sao Domingos at Recife, and is in a position to observe the movements of persons, including American officials, who visit the hotel, one of the best here.

Efforts are being made to learn more of this individual, but in the meantime it would be appreciated if the Department could facilitate a name check on him and report any available information to the Consulate.

Petrikoff
Petrikow
Petrikow
Petrikow

BL
reply by airgram
Date of Action: August 1961
Action Officer Symbol No.: INR/OCS/BR
Name of Officer: E. Steinau
Direction to D/M: file

Albert A. Rabida
American Consul

cc: Amemb Rio de Janeiro (2)

732.5261/7-861

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AARabida:aar
REPORTER

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OUTGOING AIRGRAM

Department of State

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Classification

NO. A-2

Aug 3 4 46 PM '61

Page ___ of ___ Pages

732.5261/7-861
XR 761.521

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INR-8
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RMR-7
EcoR-15
ARA-10
Scy-4
FBI-1
CIA-15

SENT TO: Amconsulate, RECIFE

Reference is made to Consulate's D-2 of 8 July 1961 requesting information on Peter PETRIKIW or PETRIKIW. A check of the biographic files of the Washington intelligence community reveals no information on this individual.

Rusk
(BHB)
RUSK

732.5261/7-861

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CONFIDENTIAL
Classification

Drafted by: INR/CS/BR:ESteinersacc 8/2/61

Airgram transmission and classification approved by: Barbara P. Finke, Special Assistan

Clearances:
SOV - Mr. D. Anderson (in substance)
ICD/ILB - Mr. Snider (in substance)
ARA/EST - Mr. Wilson (in substance)

S/S CR
AUG 3 9 51 AM

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0992

INCOMING TELEGRAM

JAN 30 1961

Department of State

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55 Action

EUR

ARA Info SS G SP C L H EUR INR RMR

CONFIDENTIAL
Classification

COPIES REC'D ARA

NUMBERED

Control: 15292
Rec'd: January 27, 1961
4:36 p.m.

JAN 28 7 04

FROM: Rio de Janeiro

TO: Secretary of State

NO: 958, January 27, 5 p.m.

ACTION: EMB
INFO:
RM/R FILES

RAV

Action transferred to EUR 1/27/61 9 WPB

NIACT

Re Hemba's telecon yesterday, we have subsequently ascertained permission was granted for two planes (one PV and one WV) to land only at Belem. This morning four navy planes landed there and we are now informed by acting consul Belem that some 20 navy planes altogether have arrived at Belem. No clearance has been obtained for more than the two above mentioned planes so far as Embassy is aware.

I must express my great annoyance that navy should undertake operation of this scope in Brazil without previous clearance with Embassy. I must also express my great concern that this will cause very serious repercussions on our relations with Brazil. I urgently recommend that navy be requested immediately to withdraw from Brazilian jurisdiction all planes for which clearance has not been granted, and I would suggest that Department seriously consider whether in view of this extremely tactless and unwarranted invasion of Brazil by navy planes it would not be advisable to call off any further operations from Brazilian territory of navy planes conducting surveillance of SANTA MARIA. I further recommend that I be authorized to make apologies to Foreign Office for these unauthorized landings. I am endeavoring to telephone Department to confirm this message.

CABOT

LRR/1

Tel Conv took place between Mann + Kohler with Cabot after this sent Dept

CONFIDENTIAL

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ACTION ASSIGNED TO: WE	ACTION TAKEN Deptel 950 to Rio, 357 to Lisbon	
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION 1/27/61	DIRECTIONS TO RM/R ltr

511.5411/1-2761 HBS

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0993

W I T H D R A W A L N O T I C E

RG: 059

ENTRY: CDF60-63

TAB #: 1

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The item identified below has been withdrawn from this file:

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Document Date: 03/09/61

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TEL J45 FR ATTACHES BRAZIL TO SECSTATE

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 AIRGRAM *Department of State*

2 Action

EUR.22 Info

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AIR-2

FROM: Amembassy, LONDON

TO: SecState, WASHINGTON

NO: A-668

UNCLASSIFIED

Classification

232.5411/11-2761 1 1 PAGES

Date Sent: Nov. 21, 1961 2 PM

Rec'd:

Nov 24 1 33 PM '61

Embassy London received, by note dated November 14 1961, following request for overflight clearance from Brazilian Embassy:

Viscount, registration No. C-90 2100, "belonging to the Presidency of the Republic, on its way back to Brazil" to land at Andrews Air Force Base on December 5; Miami International on December 10; Ramey, Puerto Rico, on December 12.

Crew composed Major J. B. Rosa (Squadron Leader), Flight Lieutenants F. Guerra Filho and C R. Reis Carneiro Sergeants O Matteo, F. P. de Menezes and C. A. Costa Magalhaes of the Brazilian Air Force, accompanied by following members of their families, Sra. T B Rosa, Sra. L. R. Carneiro, Sta. A. Carneiro and Sta. M. C Carneiro.

Embassy London suggested quicker reply to request could be obtained through direct representations in Washington. Brazilian Embassy will accordingly pass request to Washington for action.

BRUCE

AL-74-1 79252 Encl

FOL/E:Finede:mrp
Nov 20, 1961

Concurrence:

E/CA - Mr. Carter (in draft)
FOL - Mr. O'Shaughnessy

Talked to Col. Puerto AF desk Liaison Staff Clearance already granted.

FILED DEC 7 5 03 PM '61

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ACTION ASSIGNED TO	EUR	ACTION TAKEN	Classification	REPRODUCTION FROM THIS COPY IS PROHIBITED UNLESS "UNCLASSIFIED"
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ORIGINATION
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OSD	USIA	NSA
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FAA	COS	CAB
5		4

DEPARTMENT OF STATE

AIRGRAM

732.5411/8-1662

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A-197
NO.

CONFIDENTIAL
HANDLING INDICATOR

TO : Department of State

1962 AUG 20 PM 2 58

ANALYSIS & DISTRIBUTION BRANCH

FROM : Amembassy Rio de Janeiro DATE: August 16, 1962

SUBJECT : Scheduled MATS Service in Central and South America ARA

REF : CW-10395 June 27, 1962

The Embassy shares the Department's concern as expressed in the second, third and fourth paragraphs of the reference circular and recommends that for the time being the present mode of operating CAIRC and MATS flights in Brazil be continued. The prevailing political climate in this country does not promise a good atmosphere for negotiations of the kind in question.

If the proposed change to an all-MATS operation is to be carried out, we recommend that this be effected in Brazil without fanfare and on an individual flight clearance basis. We believe it unlikely that additional MATS personnel would be required inasmuch as present MATS personnel assisted by the Air Attache and JBUSMC in matters regarding flight clearances, customs clearances, immigration, etc. have been and should be able to continue to meet the requirements satisfactorily.

For the Ambassador:

Charles C. Carson

Charles C. Carson
Second Secretary of Embassy

APPROVED:

Robert H. Eakens

Robert H. Eakens
Acting Deputy Chief of Mission

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☒ In ☐ Out

FORM DS-323
4-62

Drafted by: POL:CCCarson:rpc

Contents and Classification Approved by:

Clearances: JBUSMC:GRMather

766

0996

DEPARTMENT OF STATE

AIRGRAM

732.541/8-1662

FOR RM USE ONLY

A-197 | CONFIDENTIAL

NO. | HANDLING INDICATOR

TO : Department of State

FROM : Amembassy Rio de Janeiro DATE: August 16, 1962

SUBJECT : Scheduled MATS Service in Central and South America

REF : CW-10395 June 27, 1962

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For the Ambassador:

Charles C. Carson
Second Secretary of Embassy

APPROVED:

Robert H. Eakens
Acting Deputy Chief of Mission

CONFIDENTIAL

FORM DS-323 4-62

FOR DEPT. USE ONLY ☑ In ☐ Out

Drafted by: POL:CCCarson:rpc

Clearances: JBUSMC:GRWather

Corrects and Classification Approved by:

0997

ACTION COPY

INCOMING TELEGRAM *Department of State* PERMANENT RECORD COPY

UNCLASSIFIED

36-H
Action

Control: 5470
Rec'd: November 15, 1962
2:05 p.m.

ARA
Info

FROM: USAIRA London England

SS
G
EUR
E
INR
RMR

TO: Secretary of State

NO: 151640Z, November

PRIORITY

ACTION COFS USAF WASH DC, INFORMATION APRT MGR LA GUARDIA INTL APRT NEW YORK NY, BASOPS ANDREWS AFB MD, BASOPS CHARLESTON AFB SC, APRT MGR MIAMI INTL APRT MIAMI FLA, APRT MGR SAN JUAN INTL APRT SAN JUAN PR, STATE DEPT WASH DC, 1127TH USAF FAG FT BELVOIR VA.

CITE OPS U-1351. USAF FOR AFCIN

Reference AFCIN 1A1-WE U-3338 and Our U-1248 and U-1285.

Following landing request submitted IAW Par. 6 AFR 55-20. (A) La Guardia Field, N.Y., 20 Nov; Andrews AFB, D.C., 25 Nov; Charleston AFB, S.C., 25 Nov; Miami International Airport, 25 Nov; San Juan International or Ramey AFB, P.R., 26 Nov 62. (B) Brazilian Air Force. (C) Major Jose de Faria Pereira Sobrinho. (D) Major Sobrinho, Ft Lt Sergio Luis Burger, Ft Lt Mario Fernando Cecchi, 1st Sgt Julio Jose Da Silva, 2nd Sgt Joao Santiago Borges, RD Sgt Jesu Jose Dos Santos, and Mrs Nilda Siqueira de Faria Pereira (wife of Major Sobrinho). (E) AVRO 748, series 11, registration No 2500. (F) As in (A) above. (G) none requested. (H) Brazilian Air Force. (I) No DV's on board. (J) Other nationalities on board Peter Openshaw and John Romp (British subjects), technicians, A.V. Roe. Request you also advise Brazilian Air Attache Washington re landing authorization.

DT

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ACTION ASSIGNED TO:	ACTION TAKEN	
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

0998

59 EST/B-Mr. Shields

ACTION COPY

PERMANENT RECORD COPY

INCOMING TELEGRAM *Department of State*

-53-52 UNCLASSIFIED

Control: 14932
Rec'd: DECEMBER 28, 1962
6:35 PM

Action
ARA

Info
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RMR

FROM: 146TH AIR TRNSPWG VAN NUYS ANG BASE CALIF

TO: Secretary of State

NO: 282040Z, DECEMBER (AIR FORCE MESSAGE)

NIACT

ACTION DEPARTMENT OF STATE, INFORMATION MATS SCOTT AFB, 1608TH AIR TRNSPWG CHARLESTON S.C., WESTAF TRAVIS AFB, EASTAF MCGUIRE AFB, CHIEF NATL GUARD BUREAU, USIA, TAG STATE OF CALIFORNIA.

ATTN BRAZILIAN DESK FOR STATE DEPT WASH.

ATTN BRAZILIAN DESK OASK/PA AND SAFOI-2 FOR USIA WASH.

BACP 28-M-01.

THIS MSG IN SIX PARTS.

PART I - RE USAF MSG SAFOI-2 64478. THE 146TH ATW WILL OPERATE ONE C-97 TO SALVADOR BRAZIL UNDER THE FOL ITINERARY. ALL TIMES GMT.

ARRIVE	STATION	DEPART
ORIGINATE	VAN NUYS CALIF	30/1700
31/0200	CHARLESTON S.C.	31/0400
31/1230	TRINIDAD (PIARCO)	01/0330
01/1200	RECIFE BRAZIL	01/1400
01/1600	SALVADOR BRAZIL	03/1600
03/1800	RECIFE BRAZIL	03/2000
04/0800	RAMEY AFB P.R.	04/2300
05/0400	CHARLESTON S.C.	05/0600
05/1600	VAN NUYS CALIF	TERMINATE

PART II - THE FOL CREW MEMBERS WILL PERFORM THIS MISSION ON ACTIVE DUTY ORDERS DEPARTMENT OF THE ARMY AND THE AIR FORCE NATIONAL GUARD BUREAU WASH D.C. PUBLISHED BY ADJUTANT GENERAL STATE OF CALIF.

AIRCRAFT

Intercepted by RM/R

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-2- 282040Z, DECEMBER (AIR FORCE MESSAGE), FROM: 146TH AIR TRNSPWG VAN NUYS ANG BASE CALIF

AIRCRAFT COMMANDER - MAJOR LAWRENCE A KUHL A0714448 146TH ATW VAN NUYS CALIF. 11415 STRANWOOD AVE SAN FERNANDO CALIF.
DEPUTY AIRCRAFT COMMANDER - CAPT PIERRE NMI HAVRE A03023969 115 ATS VAN NUYS CALIF. HOR 9524 DALLGROVE DR BEVERLY HILLS CALIF
PILOT - CAPT ROBERT H BILLINGS A03070597 195TH ATS VAN NUYS CALIF HOR 1243 1/2 WEXHAM WAY INGLEWOOD CALIF
NAVIGATOR - MAJOR ARTHUR NMI STREIM A0814157 146TH ATW VAN NUYS CALIF HOR 5444 SADRING AVE WOODLAND HILLS CALIF
FLT ENGINEER - MSGT HAROLD T BARTOSH AF19477734 115 ATS VAN NUYS CALIF - HOR 7012 LASAINE AVE VAN NUYS CALIF
FLT ENGINEER - MSGT ROBERT C ROBBINS AF28241592 195TH ATS VAN NUYS CALIF - HOR 13329 WINFIELD ST PANORAMA CITY CALIF
LOADMASTER - MSGT HERBERT C STONE AF39161173 115TH ATS VAN NUYS CALIF HOR 15244 CLYNER ST SAN FERNANDO CALIF
LOADMASTER - MSGT RODNEY D HUNNEWELL AF28202985 195TH ATS VAN NUYS CALIF - HOR 16500 LAHEY ST GRANADA HILLS CALIF
MAINTENANCE - MSGT RALPH T LEMUS AF28201827 146TH CAMRON VAN NUYS CALIF - HOR 15315 CLYMER ST SAN FERNANDO CALIF

PART III - PASSSENGERS -
JAMES D BERRY CIV PHOTOGRAPHER FM LOOKOUT MT 6346 FULTON AVE VAN NUYS CALIF
AUTH CIV TDY ON ORDERS FM SAFOI
KENNETH L HACKMAN CIV PHOTOGRAPHER FM LOOKOUT MT 4941 WHITSET AVE NORTH HOLLYWOOD CALIF. AUTH CIV TDY ORDERS FM SAFOI
MAJOR BERNELL A WHITAKER 25787A SAFOI ESCORT 1132 USAF SPECIAL ACTIVITIES SQ DET SAFOI LOS ANGELES CALIF
LLOYD PERRIN CIV RADIO STATION KMPC 1514 1/2 GORDON DR HOLLYWOOD 28 CALIF. AUTH INVITATIONAL ORDERS DOD
NEISSON HIMMEL REPORTER L A HERALD EXAMINER CIVILIAN 815 NORTH BONNIE BRAE ST LOS ANGELES CALIF. AUTH INVITATION ORDERS DOD
ALEC IBANEZ HEARST PUBLICATIONS LOS ANGELES CIVILIAN 618 S LUCERCE BLVD LOS ANGELES 5 CALIF AUTH INVITATIONAL ORDERS DOD
MARGE CRAWFORD CIV PROJECT OFFICER 3012 PASSMORE DR HOLLYWOOD 28 CALIF. AUTH REQUESTED BY HOLLYWOOD INFO OFFICE REPRESENTING MAYOR CITY OF LOS ANGELES

CAPT

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-3- 282040Z, DECEMBER (AIR FORCE MESSAGE), FROM: 146TH AIR TRNSPWG VAN NUYS ANG BASE CALIF

CAPT BETTY J WILLIAMS AL 1853084 5935 MCDONIE AVE WOODLAND HILLS CALIF. AUTH SAFOI LOS ANGELES RESERVE ASST PROJECT OFFICER CAPT BARBARA M BOYD USMC REPRESENTATIVE LOS ANGLES PIO OFFICE WO 72069 1215 NO GOWER ST APT 236 LOS ANGELES 38 CALIF

PART IV DIPLOMATIC CLEARANCE HAS BEEN REQUESTED FM 1608TH ATW CHARLESTON
AFB SOUTH CAROLINA. ESTIMATE LOAD WILL CONSIST OF 15,000 HOUSEHOLD MEDICAL AND CLOTHING SUPPLIES AND TOYS DONATED BY RESIDENTS OF LOS ANGELES AREA.

PART V - REQ INFO ON PERMISSIBLE VARIATION IN ITINERARY TIMES IN EVENT MECHANICAL PROBLEMS ARE ENCOUNTERED AND NECESSARY ACTION INVOLVED

PART VI - HQ USAF MSG SAFOI-2 264478 AUTHORIZES TRAVEL FOR PASSENGERS WALEX IBANEZ; LLOYD PERRIN; AND NEILSEN HIMMEL. SECRETARY OF THE AIR FORCE OFFICE INFORMATION OF HOLLYWOOD IS REQUESTING AUTHORITY FROM DOD FOR THE BALANCE OF PASSENGERS LISTED.

DMJ/22

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CONFIDENTIAL

NUMBERED
Control: 14017
Rec'd: May 22, 1961
9:53 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1650, May 22, 6:00 p.m.

Wilson letter May 9 regarding speeches Brazilian war college just received. General Caroll may use original title although school desires inclusion material on Communist infiltration. Embassy hesitates approach school on changed dates or Doctor Gordon view fact course schedule has already been changed once conform Embassy request. Embassy points out these speeches nature experiment arising principally US interest maintaining contact this key institution. Would suggest if possible Gordon plan absent self from Montevideo one or two days to meet present schedule. If possible will approach school regarding possible change though reluctantly since could inspire request cancel project.

BOND

LM:OKY/3

Contact Gordon

732.553/5-2261 CS

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NUMBERED 60954

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732.551/8-3061

FROM: Embassy PANAMA Date Sent: Aug.30,1961

TO: SecState WASHINGTON

INFO: SEP 1 - 11 AM '61

RM/R

NO: A-47
Rptd: AmEmbassy, Rio de Janeiro A-1

PAGE 1 OF 1 PAGES

At the request of the Brazilian Ambassador to Panamá, CINCARIB has made arrangements to exhume and repatriate to Brazil the remains of First Lieutenant Dante Isidoro CASTALDONI of the Brazilian Air Force who was killed in a plane crash in the Canal Zone May 18, 1944 and buried in Corosal Cemetery on May 20, 1944. The Caribbean Air Command will transport the remains to Rio de Janeiro some time between September 1 -15. According to the Brazilian Ambassador the remains will be interred in the War Memorial Cemetery in Rio.

FARLAND

CC: Ambassador Rio de Janeiro
POLAD, CINCARIB

732.551/8-3061

SEP 11 8 20 AM

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732.55/1-362
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FOREIGN SERVICE DESPATCH

FROM : American Consulate, CURITIBA — NO. 43

TO : THE DEPARTMENT OF STATE, WASHINGTON. — DATE: January 3, 1962

REF : - -

AID-7

55 For Dept. Use Only	ACTION	ARA-4	INFO	DEP	RM/R 2	REP	AF	ARA	EUR	FE	NEA	CU	INR 3	E	P 1	IO	ICA
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DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
JAN 11 1962

SUBJECT: SUMMARY OF REMARKS MADE BY GENERAL JOAQUIM VICENTE RONDON, COMMANDER 5th MILITARY DISTRICT

File
no action
ESP/B
1/16/62
J.W. Kitchen

On December 29 and 30, 1961, the Consular Corps of Curitiba paid its annual respects to leading local officials. General Joaquim Vicente RONDON, Interim Commander of the 5th Military District, took advantage of the occasion to greet us heartily with champagne and a speech. He made his speech in the presence of his staff, consisting of approximately 15 officers of high rank.

General Rondon said that Brazil was a free country; was not and would never be a Communist country, or under Communist influence. He said Brazil may be a nationalist nation, but this certainly could not be construed as meaning Communist. He continued saying that much of the world was in misery and poverty and that this misery and poverty was caused by... (long pause during which time he noted the presence of the Polish Consul)...wars and misunderstanding.

After his speech and in a private conversation, General Rondon told me he did not mention the close friendship between Brazil and the United States in his speech because it would have taken him two days to cover this subject. Again, prior to our departure, he called me to one side and praised the United States. He said the Brazilian military forces owed its existence to the assistance furnished by the United States, especially Point IV assistance. He emphasized his admiration of the United States mentioning the high ideals set forth by Presidents Theodore and Franklin Roosevelt. (Rondon's

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JAN 29 1962 07 AM '62

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NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

1004

father is reported to have accompanied Theodore Roosevelt on a tour of Brazil many years ago).

Up until about two weeks ago, General Rondon was second in command of the military district. General Benjamin GALHARDO was transferred recently after serving here approximately two and one-half years as Commander of the 5th Military District. There was apparently no political motive behind Galhardo's transfer as he was due for a new assignment after completing a normal tour of duty. Rondon has been in charge since the transfer of Galhardo and there has been no mention of a replacement.

Hugh D. Kessler
American Consul

cc: AmEmbassy, Rio de Janeiro (2)

1005

AIR POUCH — OFFICIAL USE ONLY
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811.0020/4-2762
XR 732.551

FOREIGN SERVICE DESPATCH

FROM: Amcongen São Paulo — 249 (NO.)

TO: THE DEPARTMENT OF STATE, WASHINGTON. — April 27, 1962 (DATE)

REF:

20 For Dept. Use	ACT	ARA-4	INFO	DEP	RM/R 2	REP	AF	ARA	EUR	FE	NEA	CU	INR 5	E 3	P	IO	Dept. 11
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	RECD 5-2-62				AIR	ARMY	CIA 9	NAVY	OSD	OCB	USIA	NSA 3					

SUBJECT: Memorandum of Conversation between General de Mello and Vice Admiral Rufus E. Rose at São Paulo, Brazil

DATE: April 24, 1962

PLACE: Headquarters of Second Army, São Paulo, Brazil.

SUBJECT: Alliance for Progress; Cuba.

PARTICIPANTS: General Nelson de MELLO, Commander, Second Army.
Vice Admiral Rufus E. ROSE, USN, Commandant of the Industrial College of the Armed Forces.
Lt. Commander Martin M. ZENNI, Aide to Admiral Rose.
Major MEDEIROS, Aide to General de Mello.
Sr. Edison Machado de SANT'ANNA, official of the Supreme Court of the State of São Paulo.
Consul Scott C. LYON, American Consulate General, São Paulo.

Copies To: American Embassy, Rio de Janeiro
ARA (1cc) by Pouch
INR (1cc) by Pouch

The following remarks were made during a courtesy call by Admiral Rose at the headquarters of the Second Army. A cordial atmosphere prevailed.

General de Mello initiated a discussion of the economic problems of Brazil, which he said has a rapidly growing population for which food, clothing, housing, and social services must be provided. He expressed his confidence in the Alliance for Progress, which he said is continuing the work of Kubitschek, the originator of "Operation PanAmerica." He remarked that

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there is one good thing about Castro's takeover in Cuba--it has shown, through the resulting privations of the Cuban people, that communism is not the answer to the problems of under-developed countries.

Comment:

General de Mello is top military commander in the São Paulo area, a key position.

His remarks endorsing the Alliance for Progress are consistent with what appears to be his favorable attitude toward the United States. He and his subordinate generals have been markedly friendly in frequent encounters with top officers of the Consulate General, and have shown up in force at American official receptions. He evidenced a favorable attitude toward American enterprise in Brazil, and foreign private investment in general, in a luncheon talk on the occasion of his visit to the General Electric plant near São Paulo on April 3, 1962.

For the Minister Consul General:

Scott Clyon

Scott C. Lyon
Consul

1007

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81

DEPARTMENT OF STATE

AIRGRAM

(Departmental and Foreign Service)

A-5, NO.

CONFIDENTIAL

RIO, A-5

TO : Amembassy RIO DE JANEIRO

JUL 5 2 08 PM '62

FROM : Department of State DATE:

SUBJECT :

REF :

732.5511/7-562

In view of Jair Dantas' recent transfer III Army command replacing Penha Brasil and rumors of impending transfers of Bevilaqua to command IV Army and Magessi's removal from command First Infantry, Department would appreciate Embassy's comments on what appears to be developing pattern of replacing moderate generals with those acquiescent to leftist-nationalism.

END

RUSK

Unconfirmed by RMR

FORM DS-323 11-61

CONFIDENTIAL

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Drafted by: ARA:EST/B:GMConizec 7/2/62

Contents and Classification approved by: EST - Mr. Wellman

Clearances:

RAR/S - Mr. Haynes

1008

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RMAN McG-1

DEPARTMENT OF STATE

(42) **AIRGRAM**

732.00/9-1162
XR732.551
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A-304 NO. | CONFIDENTIAL | AIR POUCH HANDLING INDICATOR

TO : Department of State

FROM : Amembassy, Brasilia Office DATE: September 11, 1962

SUBJECT : President Goulart Extols Nationalism to Non-Commissioned Officers Club

REF :

Enclosed is a translation of the official summary of an address made by President João 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 Paraiba 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 Duque de Caxias, 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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FORM DS-323 4-62

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Clearances:

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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 assorted leftists in other important posts in the Administration, as signs of his own leftist ideology.

But while the

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DEPARTMENT OF STATE

AIRGRAM

732.551/9-1462

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A-64 NO. | CONFIDENTIAL | AIR PRIORITY HANDLING INDICATOR

XR-732.00

1962 SEP 18 AM 8:39

TO : DEPARTMENT OF STATE

NEWS ANALYSIS & DISTRIBUTION BRANCH
DEPARTMENT OF STATE
INTERAMERICAN AFFAIRS
SEP 19 1962

FROM : Amcongen SÃO PAULO

DATE: September 14, 1962

SUBJECT : BEVILACQUA Makes Moderate Speech

REF :

RM/R-Jue
9/24-Jww

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."

SEP 19 11 PM '62
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Contents and Classification Approved by:

Clearances:

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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

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OSD 12	USIA 8	NSA 3

DEPARTMENT OF STATE

AIRGRAM

611.32/9-2662

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A-79 (NO.) CONFIDENTIAL AIR POUCH (HANDLING INDICATOR)

XRa-737.00

732.551

TO : Department of State

FROM : Amcongen SAO PAULO DATE: September 26, 1962

SUBJECT : First Impression of General Pery Bevilacqua, New Commander of Brazilian Second Army

REF :

On September 19 I made a courtesy call on the new Commander of the Second Army, General Pery Bevilacqua. My preliminary appraisal of him as a result of this visit is that he is anti-communist and basically friendly to the United States, although sharply critical of some aspects of American foreign policy.

A Memorandum of Conversation is enclosed.

Daniel M. Braddock
Minister Consul General

Enclosure: 1

As stated.

FORM DS-323 6-62

CONFIDENTIAL

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Drafted by: DMBraddock/fmw Sept. 26, 1962

Contents and Classification Approved by:

Clearances:

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MEMORANDUM OF CONVERSATION

DATE: September 19, 1962

PLACE: Office of General Pery Bevilacqua, Commander of Brazilian Second Army

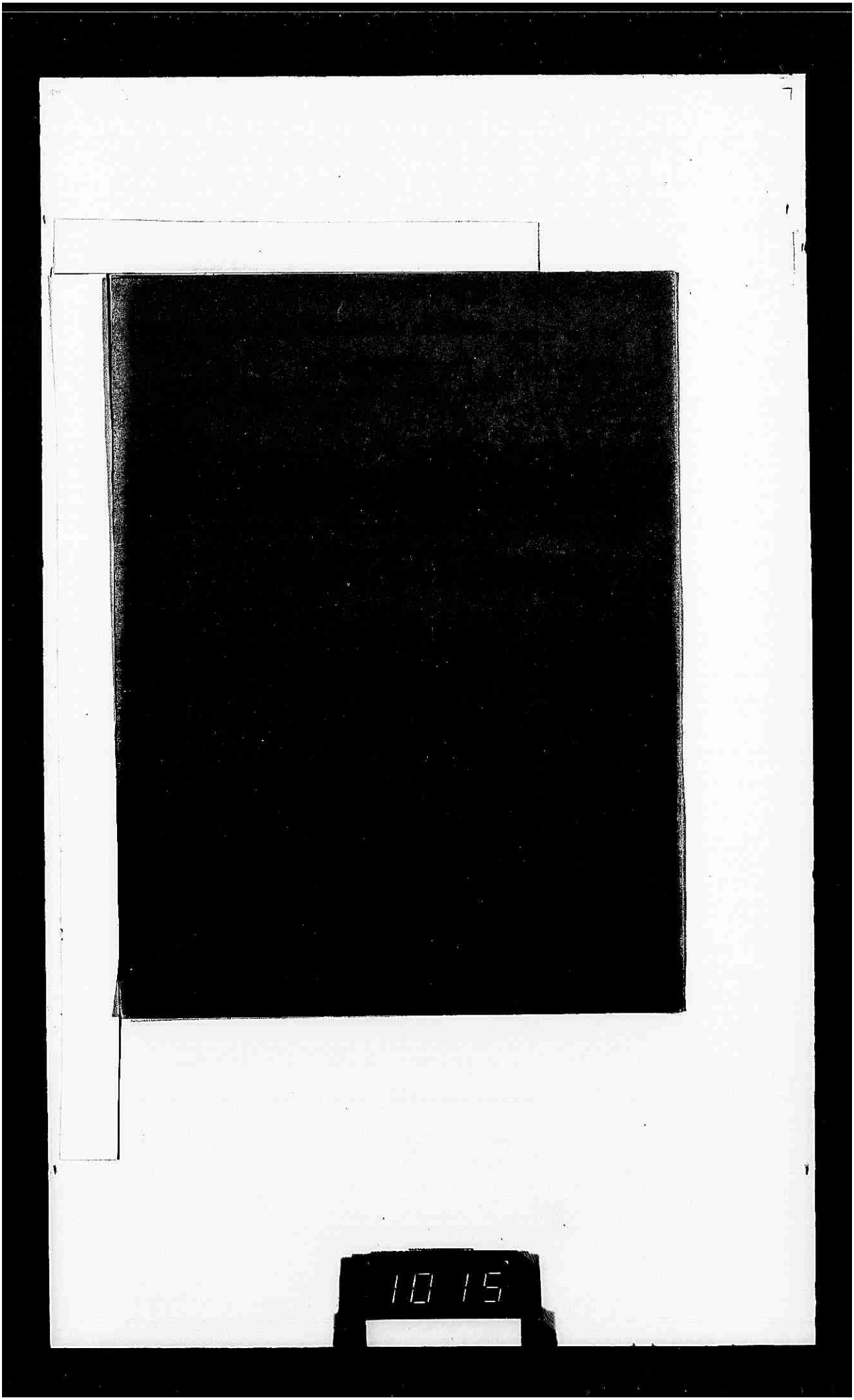
SUBJECT: Courtesy Call; Views expressed by General Bevilacqua

PARTICIPANTS: General Pery Bevilacqua - Commander of Brazilian Second Army
Daniel M. Braddock - Minister Consul General

Copies to: Amembassy Rio (2 cc) by Pouch
ARA (1 cc) by Pouch
INR (1 cc) by Pouch
Central Files

General Pery Bevilacqua received me cordially, thanked me for calling on him, and assured me of his desire to be of any service within his power. He showed an inclination to talk, and we conversed for forty minutes.

The General spoke of the close historical ties between Brazil and the United States and mentioned the helpful roles played by Presidents Cleveland and Hayes in the settlement of certain border problems between Brazil and her neighbors. He professed friendship for the United States and admiration for its leadership of the democratic world. One of his greatest fears, he said, was that the United States would impair this leadership, which was so important to Brazil's security, through some ill-considered action like the military coercion of Cuba. The Cuban problem, he thought, had to be settled by means other than force. For the existence of the problem (he called Cuba a "Bolshevik cancer threatening all of the Americas") he blamed the United States. He considered that by cutting off Cuba's traditional sugar market the United States had left Castro no alternative but to turn to the Soviet Union for support, and that however disagreeable the Cuban Revolutionary Government was, the United States should have borne with it until a change occurred. "Franklin Roosevelt would never have made this mistake," he said, and recalled the patience and forbearance which the United States had exercised toward Mexico at the time of the Mexican oil expropriation and which he thought had brought excellent results in the good and mutually profitable relations existing between these two countries today. I tried to straighten the General out regarding the chronology of events in Cuba and to explain the great effort we had made to get along with Castro, but his mind was already made up on this subject.


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INCOMING TELEGRAM *Department of State*

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6:54 p.m.

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FROM: Rio de Janeiro

TO: Secretary of State

NO: 1869, June 15, 7 p.m.

Reference Department telegram 1804.

Problem discussed with Brazilian War College authorities who fully understand considerations which preclude Doctor Gordon's appearance as scheduled. As preferred substitute they have suggested Ambassador Cabot, whom they like to have speak on same subject preferably on July 18. Request Department consult Ambassador Cabot and confirm soonest.

BOND

JAA:HC/9

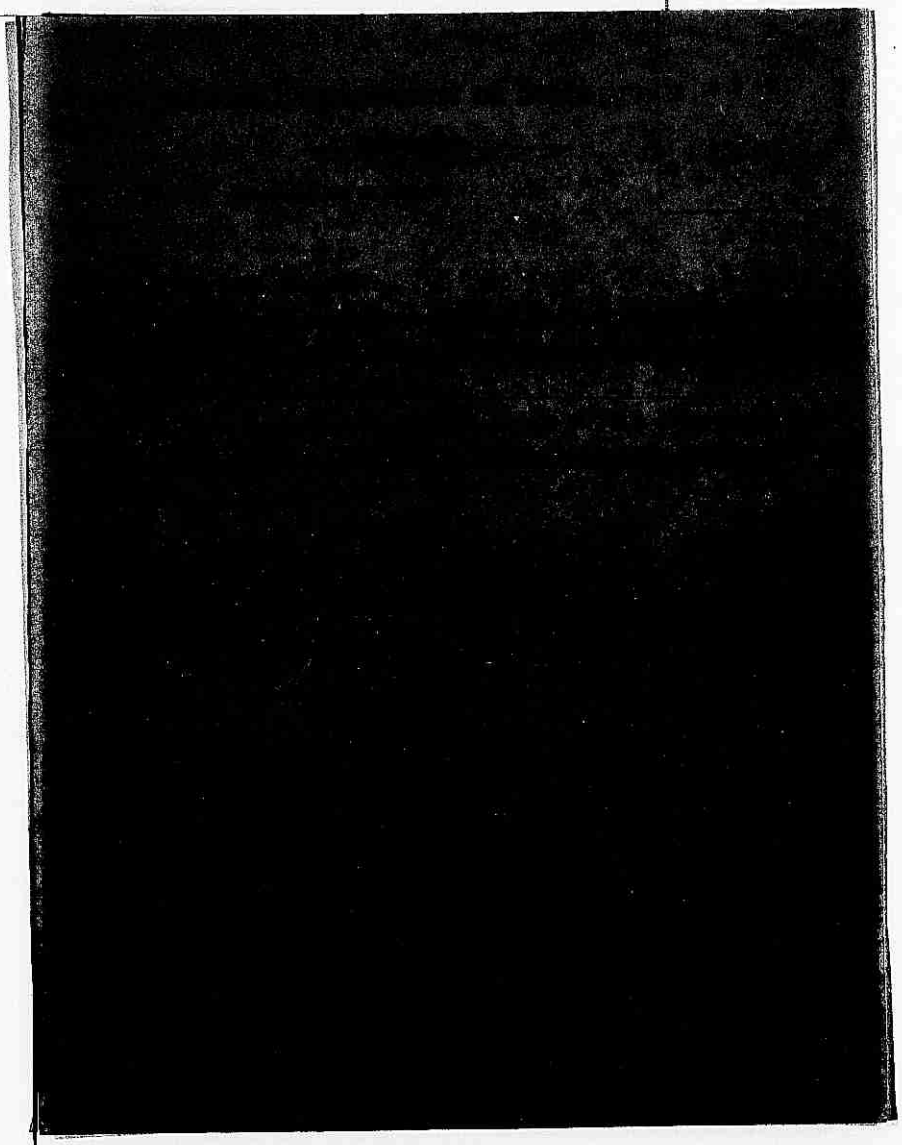
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24/524.2

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The Brazilian Embassy presents its compliments to the Department of State and requests the Department's good offices with the proper authorities towards securing to the Brazilian Government offers concerning the availability and conditions of supply of the following military equipment, under the provisions of the Mutual Defense Assistance Act of 1954, Section 106, Public Law 665 and Paragraph 2a (2) SR-795-200-4.

- TECHNICAL DATA CONSISTING OF THE FOLLOWING FOR RIFLE 106mm M40A1, WITH MOUNTING M79

1. Specifications for raw material
2. Drawings of all tooling required for manufacture
3. List of all production equipment for manufacture
4. List and drawings of all testing and inspection equipment and gages, jigs and fixtures, to aid in manufacture
5. Shop drawings
6. Machining drawings
7. Route sheets
8. Description of manufacture.

732.58/1-2660

FILED
JAN 8 - 1960
CS/W

With anticipated thanks for the Department's courtesy in the matter, the Brazilian Embassy renews the assurance of its highest consideration.

384661

Washington, January 26th, 1960.

CAMS

FAG/zw

732.58/1-2660

BRAZILIAN EMBASSY.

24/324.2

The Brazilian Embassy presents its compliments to the Department of State and requests the Department's good offices with the proper authorities towards securing to the Brazilian Government offers concerning the availability and conditions of supply of the following military equipment, under the provisions of the Mutual Defense Assistance Act of 1954, Section 106, Public Law 665 and Paragraph 2a (2) SR-795-300-4.

- TECHNICAL DATA CONSISTING OF THE FOLLOWING FOR RIFLE 106mm M40A1, WITH MOUNTING M79

1. Specifications for raw material
2. Drawings of all tooling required for manufacture
3. List of all production equipment for manufacture
4. List and drawings of all testing and inspection equipment and gages, jigs and fixtures, to aid in manufacture
5. Shop drawings
6. Machining drawings
7. Route sheets
8. Description of manufacture.

With anticipated thanks for the Department's courtesy in the matter, the Brazilian Embassy renews the assurance of its highest consideration.

Washington, January 26th, 1960.

CAM

FSO/ew

732.56/1-2660

732.56/1-2660 CS/MDR

This Document Filed for Reference in the RMIR General Files

The Department of State acknowledges the receipt of the Brazilian Embassy's note No. 95/60.2 of January 26, 1960 concerning the desire of the Government of Brazil to obtain information in regard to the availability and conditions of supply of the following coatings and technical data on the application of the [illegible] paints:

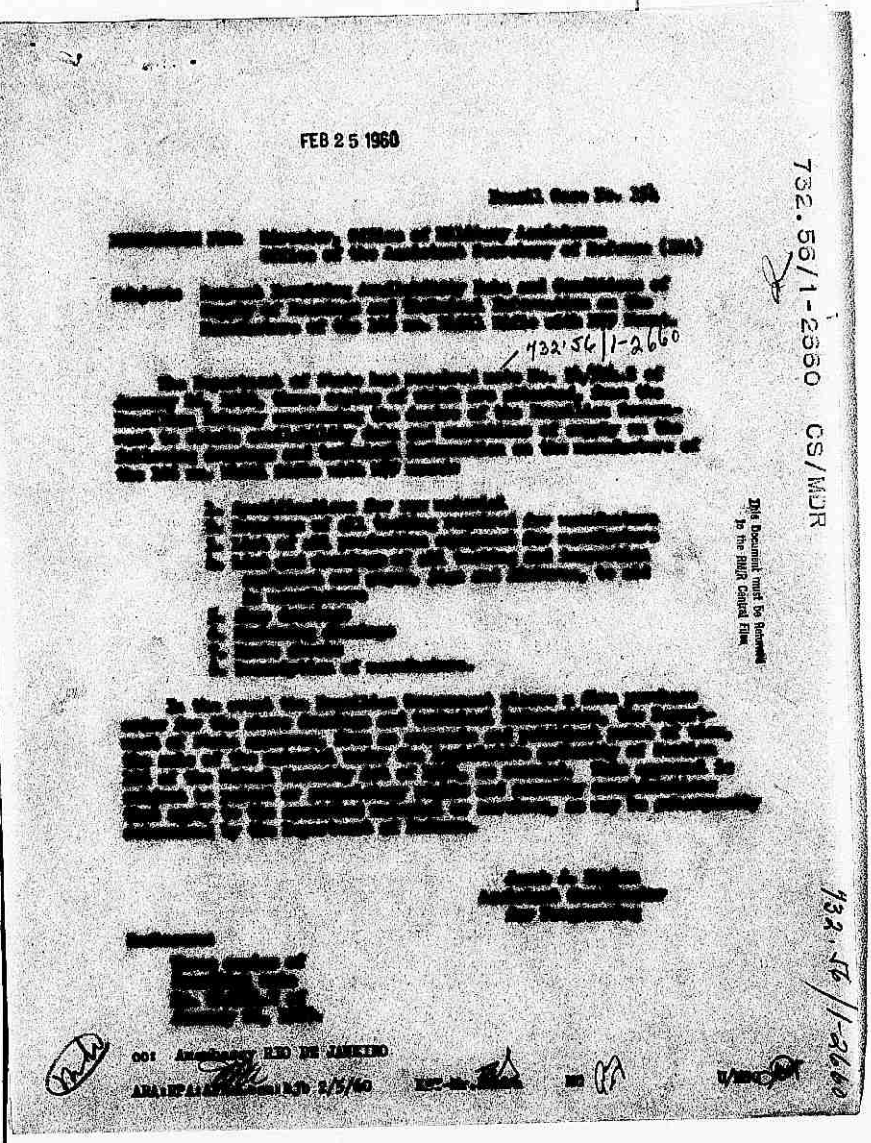
1. Specifications for zinc rich coat.
2. Drawings of all tooling required for manufacture.
3. Lists of all production equipment for manufacture.
4. Lists and drawings of all tooling and inspection equipment and gauges, jigs and fixtures, to suit the manufacturer.
5. Shop drawings.
6. Painting drawings.
7. Trade secrets.
8. Description of manufacture.
9. The Embassy's request has been referred to the appropriate authorities of this Government and the following should receive a reply in the very near future.

S/S-CR
FEB 26 1960 PM
MAR 3 1960 AM

Department of State
Washington, March 3, 1960

AMEMBASSY RIO DE JANEIRO
BRAZIL CASE NO. 151
ARA:BTaft:mkb 2/5/60 EST-Mr.Sanks
NO. 65

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FEB 2 5 1960

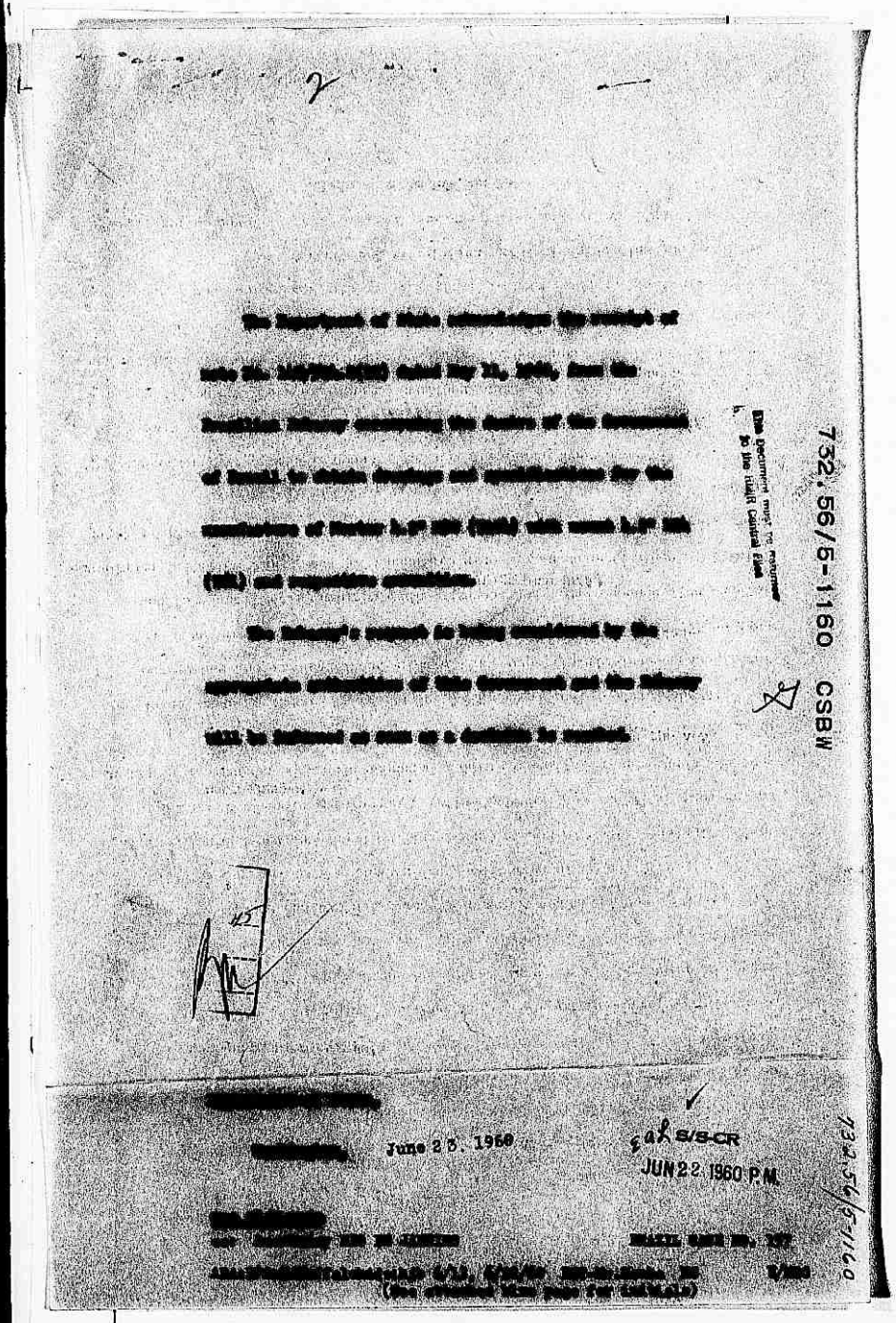
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This Document must be Returned to the RMJR Central Files

001 Amembassy RIO DE JANEIRO

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This Document may be retained in the IDAR Central Files

June 23, 1960

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JUN 22 1960 P.M.

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Document must be Returned to the RA&R Control Room

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This Document must be Returned to the RMR Central Files

The Brazilian Embassy presents its compliments to the Department of State and requests the Department's good offices with the proper authorities towards securing to the Brazilian Government, under the provisions of the Mutual Defense Assistance Act of 1954, Section 106, Public Law 665 and Paragraph 2a (2) SR 795-200-4, the following:

-Technical data for Mortar 4.2" M30 (T104) with mount 4.2" M24 (T61) and respective ammunition, including the following: Shell, illuminating, M335 w/fuze, MTSQ M501; Shell, WP, M2 Alt M2 A1, Alt E 84 R7 (M328) and E 84 R7 (M328-B1); Shell, HE, M3A1, M3A1 Alt, M329 and M329 B1:

1. Specifications for raw material
2. Drawings of all tooling required for manufacture
3. List of all production equipment for manufacture
4. List and drawings of all testing and inspection equipment and gages, jigs and fixtures, to aid in manufacture
5. Shop drawings
6. Machining drawings
7. Route sheets
8. Description of manufacture.

With anticipated thanks for the Department's courtesy in the matter, the Brazilian Embassy renew the assurance of its highest consideration.

Washington, May 11, 1960.

732.56/5-1160 CS/W

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732.56/5-1160

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[redacted]

This Document must be returned to the RMAR Central Files

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HHH

[redacted]

Department of State

[redacted] August 5, 1960

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AUG 3 1960

732.56/8-160

[redacted]

Brazil Desk No. 154

[redacted]

1025

AUG 2 1960

[redacted]

[redacted]

[redacted]

Martin M. Tank

Acting [redacted]

[redacted]

cc: Ambassador [redacted]

[redacted] 7/1/60

[redacted]

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1960 JUN 7 AM 10 37

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RPMS

file

The Brazilian Embassy presents its compliments to the Department of State and requests the Department's good offices with the proper authorities towards securing to the Brazilian Government, under the provisions of the Mutual Defense Assistance Act of 1954, Section 106, Public Law 665 and Paragraph 2a (2) SR 795-200-4, the following:

155mm Shell components:

- Fuze M51 or M51 A4, complete.....1,200
- Fuze M51 A3 complete..... 260
- Fuze M54 complete..... 50
- Primer MK2A1 or MK2A4.....2,100

This Document must be returned to the RM/R Central Files

With anticipated thanks for the Department's courtesy in the matter, the Brazilian Embassy renew the assurance of its highest consideration.

Washington, June 1st, 1960.

732.56/6-160 CS/E

732.56/6-160

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AUG 17 1960

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732.56/7-2960 CS/CS

This Document must be returned to the NSA/R Central Files

The Department of State acknowledges the receipt of note No. 53/Wash.(60) dated July 19, 1960 from the Embassy of Brazil concerning the desire of the Brazilian Army to dispose of arms, which are now obsolete, furnished by the United States under the Military Assistance Agreement of March 15, 1952.

The Department has referred the Embassy's request to the appropriate authorities of this Government for consideration.

Department of State

Washington, September 8, 1960

SEP 8 1960 P.M.

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DEPARTMENT OF STATE

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ACTION: RELMS
INFO:
RM/R FILES 9/7/60

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732.56/7-2960 CS/MDP

The Brazilian Embassy presents its compliments to the Department of State and has the honor to inform that a number of United States firms are interested in purchasing .30 caliber Springfield rifles, model 1903 A1, A2 and A3, issued to the Brazilian Army and now considered to be obsolete.

Inasmuch the arms in question were ceded to the Brazilian Government, under the provisions of the Military Assistance Agreement, signed in March 15, 1952, the Brazilian Embassy consults the Department of State, in accordance with the terms of paragraphs 2 and 4 of the Article I of said Agreement, as to whether or not there be any impediment to the transaction in question.

With anticipated thanks for the Department's courtesy in the matter, the Brazilian Embassy renews the assurances of its highest consideration.

Washington, D.C., July 29, 1960.

This document must be returned to the RM/R Control Office

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Ext. 7154

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732.56/7-2960

The Department of State refers to the note No. 454/Mil.Off(52) dated July 29, 1960 from the Brazilian Embassy and to the Department's interim reply of September 9, 1960 concerning the desire of the Brazilian Army to dispose of certain obsolete arms which were furnished by the United States under the Military Assistance Agreement of March 15, 1952.

The appropriate authorities of this Government have informed the Department that matters of this nature should be referred by the Brazilian Army to the Office of Major General Raymond E. Bell, Chief of the United States Military Assistance Advisory Group, in Rio de Janeiro, Brazil, for consideration and appropriate action.

Department of State,

Washington, November 9, 1960

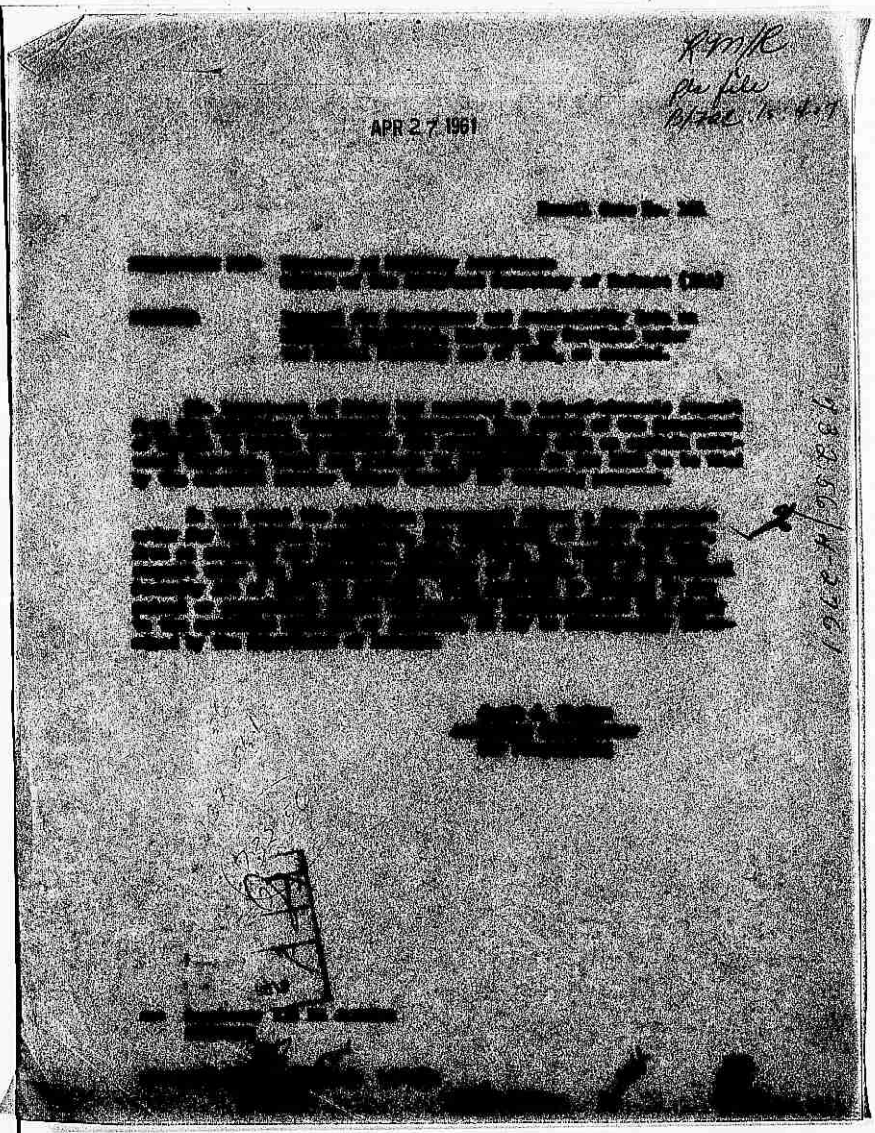
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DEPARTMENT OF STATE INSTRUCTION

937

CONFIDENTIAL 937

(Security Classification)

FOR DC USE ONLY

THIS DOCUMENT MUST BE RETURNED TO RM/R CENTRAL FILES

NO.: A-55 August 10, 1960

SUBJECT: Proposed Agreement Establishing Procedures for Disposition of Surplus Grant MAP Equipment and Material

732.5 732.5-MSP

TO: The American Embassy RIO DE JANEIRO - BRASILIA OFFICE

Reference is made to Department Telegram 413 to Rio de Janeiro.

The Department notes that several months have elapsed since the reference telegram was transmitted in October 1959. That telegram posed certain objections on our part to proposals by the Brazilian Government in connection with the Agreement establishing procedures for disposition of equipment and material furnished as grant military assist[redacted] and no longer required for the purpose fur[redacted].

[redacted] Agreement has been under negotiation for a number of years, and, our Embassy at Laos having been instructed to sign such an agreement with that country, only Brazil of all the countries regularly receiving grant military assistance has not concluded this supplementary agreement for disposition of surplus equipment and materials.

We request that the Embassy determine whether any major obstacles remain to conclusion of the agreement and advise us whether any additional action on our part is required. If an agreed text can be arrived at, we are prepared to secure Circular 175 authorization to sign the agreement.

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(Security Classification)

DRAFTED BY: L/MS:KEMcElborg:pam 8/8/60

APPROVED BY: ARA/EST - Wil[redacted] T. Briggs

CLEARANCES: ARA/RPA - Mr. McLean OSD/Coun - Mr. Allen (draft)

1032

INCOMING AIRGRAM **Department of State**

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34 **CONFIDENTIAL** PAGE 1 OF 1 PAGES

Classification

Action L

Info ARA UNSC P MOP OCB INR CIA NSA OSD ARMY NAVY AIR RMR

Date Sent: September 6, 1960
Rec'd:

FROM: Amembassy RIO DE JANEIRO

TO: Secretary of State

NO: G-76

SEP 9 9 32 AM '60

Re Department's Instruction A-55, August 10, 1960, on proposed agreement establishing procedures for disposition of surplus grant MAP equipment and material, Embassy has received reply from Brazilian Foreign Office with proposal similar to US proposal but with certain modifications presently being studied by Embassy and JBUSMC for appropriate comments before submission Department.

No major obstacles foreseen to conclude agreement and no additional action on the part of Department required at this time.

CABOT

pm

HMS

LEGAL ADVISER

SEP 9 1960

DEPARTMENT OF STATE

GRPhelanJr:gm

September 2, 1960

File RM/R
No action required.
L/MS KEM
9/9/60

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Classification

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732.56/9-660 HBS

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(Security Classification)

DO NOT TYPE IN THIS SPACE
732.56/11-1860

FOREIGN SERVICE DESPATCH

FROM : Amembassy, Rio de Janeiro — 413 (DESP. NO.) — November 18, 1960 (DATE)

TO : THE DEPARTMENT OF STATE, WASHINGTON. u/msc

REF : Department's G-224, April 24, 1959.

For Dept. Use Only	ACTION REC'D	DEPT.
55	u/msc-3 11/26	Rm/R-2 INR-7 ARA-4 E-7 MC-1 L-2
		INFO OTHER CIA-10 OSD-5 Navy-3 TR-3 NSA-2

SUBJECT: Disposal of Lend-Lease Equipment

Enclosed herewith is copy and translation of Foreign Office note No. DPo/147/534.0(22) in which the Government of Brazil states its intention to scrap certain patrol craft (PC-1236, 561, 607, 547 and 544) received under the Lend-Lease Agreement and requests United States agreement thereto. These vessels have already been decommissioned and the Brazilian Navy would appreciate an early response.

For the Ambassador:

Philip Raine

Philip Raine
Counselor of Embassy
for Political Affairs

E MESSAGE CENTER CONTROL
TIME OUT 1410
DEC 7 1960

Enclosures:

1. Copy of Foreign Office Note No. DPo/147/534.0(22).
2. Translation of Foreign Office Note No. DPo/147/534.0(22).

Action transmitted to ARA from Rm/R 12/1/60

Embassy Distribution: POL (3), CF (3), Naval Attaché (1), JBUSMC (2)

DEPARTMENT OF STATE — RECEIVED — DEC 7 1960 — MESSAGE CENTER

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CONFIDENTIAL

MINISTERIO DAS RELAÇÕES EXTERIORES,
RIO DE JANEIRO

CONFIDENCIAL

DPo/147/534.0(22)

O Ministério das Relações Exteriores cumprimenta a Embaixada dos Estados Unidos da América e tem a honra de levar ao seu conhecimento que a Marinha de Guerra do Brasil tem a intenção de dar o destino de sucata, após remoção do todo armamento, aos caça-submarinos (PC) nº 1236, 561, 607, 547 e 544. A sucata não aproveitada seria vendida a compradores não pertencentes a orgãos governamentais, desde que, na medida do que for conhecido, os referidos compradores não se tiverem envolvido em comércio irregular Leste-Oeste, e, desde que seja aceita a cláusula contratual, extensiva a compradores e sub-compradores, de que nem os primeiros nem os últimos poderão exportar o material, direta ou indiretamente, para o bloco Sino-Soviético.

2. O Ministério das Relações Exteriores muito agradeceria à Embaixada dos Estados Unidos da América fôsse obtida a autorização do seu Govêrno para a referida operação, na forma do artigo VI do Acordo de Empréstimo e Arrendamento, de 3 de Março de 1942 e do Ajuste de Empréstimo e Arrendamento, de 15 de Abril de 1948 e seu respectivo suplemento.

Rio de Janeiro, em 3 de novembro de 1960.

CONFIDENTIAL

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CONFIDENTIAL

TRANSLATION OF FOREIGN OFFICE NOTE

NO. DPo/147/534.0(22)

The Ministry of Foreign Affairs presents its compliments to the Embassy of the United States of America and has the honor to inform it that the Brasilian Navy intends, after removing all armaments, to scrap submarine chasers (PC) No. 1236, 561, 607, 547 and 544. Scrap not used would be sold to non-governmental purchasers provided insofar as known that none of the said purchasers have been involved in irregular East-West trade and provided that the contractual clause applicable to purchasers and sub-purchasers be accepted providing that neither the former nor the latter would export the material directly or indirectly to the Sino-Soviet bloc.

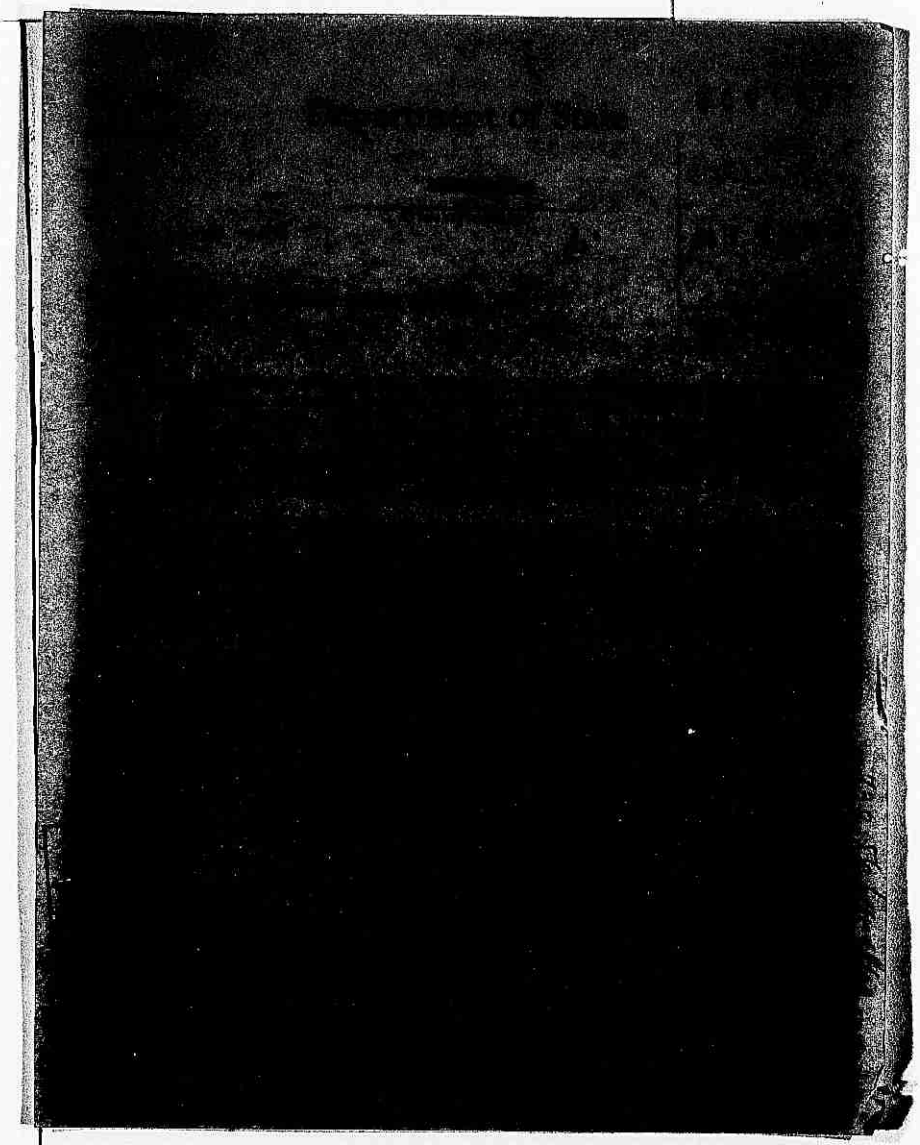
(2) The Ministry of Foreign Affairs would be very grateful to the Embassy of the United States of America if the authorization of its government for the said operation were obtained in accordance with Article 6 of the Lend Lease Agreement of March 3, 1942 and the Lend Lease Settlement of April 15, 1948 and its respective supplement.

Rio de Janeiro, November 3, 1960.

DEPARTMENT OF STATE
MUTUAL SECURITY AGENCY
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Department of State

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JUL 31 1961

Washington, August 2, 1961

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/s/ Jacob J. Kaplan

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951 Amembassy RIO DE JANEIRO
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INFO:

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The Brazilian Embassy presents its compliments to the Department of State and requests the Department's good offices with the proper authorities towards authorizing procurement by the Brazilian Government, under the provisions of the Mutual Defense Assistance Act of 1954, Section 106, Public Law 665 and Paragraph 2a (2) SR 795-200-4, of one complete set of calipers, used in the manufacture and production control of Rifle 7.62 mm M 14, with drawings of the same.

With anticipated thanks for the Department's courtesy in the matter, the Brazilian Embassy renews the assurances of its highest consideration.

Washington, June 7, 1961.

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The Department of State acknowledges the receipt of note No. 208/[illegible](20) dated July 19, 1961, from the Embassy of Brazil requesting the desire of the Government of Brazil to purchase 10 cryptiboxes models, 1/A type, [illegible] and 10 cryptiboxes note in three sizes.

The Embassy's request is being considered by the appropriate authorities of this Government and the Embassy will be informed as soon as a decision is reached.

Department of State,

Washington, September 9, 1961

S/S CR

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[illegible]

[illegible] - Mr. Wilson

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The Brazilian Embassy presents its compliments to the Department of State and requests the Department's good offices with the proper authorities towards securing to the Brazilian Government, under the provisions of the Mutual Defense Assistance Act of 1954, Section 106, Public Law 665, and Paragraph 2a SR 795-200-4, the following:

1. 15 Trucks, amphibious, 1/4 ton, 4x4
2. 12 Trucks, 2-1/2 ton, 6x6, with winch
3. 30 Nets, camouflage, 4.60x4.60 meters (aprox.27'x27')
4. 18 Nets, camouflage, 8.80x8.80 meters (aprox.33'x41')
5. 5 Nets, camouflage, 13.70x13.70 meters (aprox.42'x42')

With anticipated thanks for the Department's courtesy in the matter, the Brazilian Embassy renews the assurances of its highest consideration.

Washington, July 19, 1961.

732.56/7-1961

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SEP 6 1961

Herald Case No. 163.

MEMORANDUM FOR: Director of Military Applications
Office of the Assistant Secretary of Defense (ISA)

SUBJECT: Proposed Translating Purchase of Military Equipment, Materials or Services under the Mutual Security Act of 1954, as amended.

The Department of State has received Note No. 888/6Mar.3(62) of July 19, 1961, three copies of which are enclosed, from the Brazilian Embassy requesting the opinion of the Government of Brazil as regards [illegible] Mutual Security Act of 1954, as amended.

The Department of State perceives, from an economic and political point of view, [illegible] under the legislative authority of Section 505 of the Mutual Security Act of 1954, as amended, [illegible] and consistent with the purposes of the Mutual Security Act of 1954, as amended.

/s/ Jacob J. Kaplan
Jacob J. Kaplan
Assistant [illegible]

Enclosures:
Three copies of Brazilian note No. 888/6Mar.3(62) dated July 19, 1961.

OFFICE OF MUNITIONS CONTROL
AUG 24 1961
DEPARTMENT OF STATE

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Control: 20498
Rec'd: August 28, 1961
12:49 p.m.

Defense Dept.

File: Secretary's
E&T/B: JWWilson-bus.
9-28-61

FROM: Rio de Janeiro

TO: Secretary of State

NO: 271610Z August

NIACT

ACTION CNO, HQ USAF, DEPTAR, INFORMATION DEPARTMENT STATE, 1127 FAG, HQ MATS, 1208 AIW CHARLESTON AFB, CINCLANT, CINCLANTFLT, COMSOLANT, CHNAVMIS BRAZIL, CINCARIB, CGUSARCARIB, CAIRC, COMTEN, COMFIFTEEN.

FROM ATTACHES AMERICAN EMBASSY BRAZIL

USAF FOR AFCIN. DEPTAR FOR ACSI.

THIS IS A JOINT ARMY NAVY AIR FORCE MESSAGE.

This message in 2 parts.

Part 1: Request immediate assistance in securing 100 hand tear gas bombs by first available MATS airlift preferably on aircraft departing Charleston 28 August. US Embassy has requested through normal channels. Delivery date not known.

Part 2: Request cancellation of all TDY and leave travel by military to or through Brazil. Charge d'Affaires concurs this message.

SCP 3.

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INCOMING TELEGRAM

Department of State

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CONFIDENTIAL

Control: 20085
Rec'd: August 27, 1961
4:25 p.m.

FROM: ATTACHES AMERICAN EMBASSY BRAZIL

TO: Secretary of State

NO: 271610 Z August (Navy Message)

NIACT

ACTION CNO, HQ USAF, DEPTAR, INFORMATION DEPARTMENT STATE, 1127 FAG, HQ MATS, 1208 ATW CHARLESTON AFB, CINCLANT, CINCLANTFLT, COMSOLANT, CNAVMIS BRAZIL, CINCARIB, CGUSARCARIB, CAIRC, COMTEN, COMFIFTEEN.

USAF FOR AFCIN, DEPTAR FOR ACSI.

THIS IS A JOINT ARMY, NAVY, AIR FORCE MESSAGE

THIS MESSAGE IN 2 PARTS.

Part 1. Request immediate assistance in securing 100 hand tear gas bombs by first available MATS airlift preferably on aircraft departing Charleston 28 August. US Embassy has requested through normal channels, Delivery date not known.

Part 2. Request cancelation of all TDY and leave travel by Military to or through Brazil. Charge d'Affaires concurs this message. SCP-3.

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Note: Mr. Halliday (SCA) notified 5:50 pm; Mr. Bowdler and Mr. Hemba (ARA) notified; Advance copies to SS and SO 8/27/61 CWO-M

CONFIDENTIAL

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NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

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TOP SECRET NUMBERED
Control: 22930
Rec'd: August 30, 1961
1961 AUG 30 9:16 PM 5.49

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ACTION:
INFO:
RM/R FILES

FROM: Rio de Janeiro

TO: Secretary of State

NO: 580, August 30, 9 p.m.

NIACT

Embassy has received message this evening from War Minister Denys inquiring as to US willingness provide material assistance to his cause in event of civil war which he now appears to regard as almost inevitable. He asks specifically whether US would be willing, should need arise, provide him on clandestine basis with following categories of assistance:

1) Military equipment and ammunition;

2) Food supplies to make up deficiencies expected result from decision Governor Brizola cut off all food shipments north from Rio Grande Do Sul.

Embassy comments follow.

BOND

MRJ

Note: Mr. Crane (EST) notified 8/30/61 9:50 p.m. EH. Advance copies to SS and SO 10:30 p.m., CWO-M. SCA D.O. also notified.

732.56/8-3061

TOP SECRET

FILED

SEP 26 1961

Copy No(s) 66

Destroyed in RM/R

Name [illegible] Date 2/5/62

TOP SECRET

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ACTION ASSIGNED TO	ACTION TAKEN	
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

1046

FORM DS-747
8-1-54

8/31/61

[redacted] #6201

DEPARTMENT OF STATE

TOP SECRET COVER SHEET 2312

DC/T

4. BRIEF DESCRIPTION OF ATTACHED DOCUMENT(S) (Origin, subject, reference no. or other pertinent data): Incoming telegram from Rio De Janeiro #580, August 30, 1961 Control 22930 NIACT

2. COPY INFORMATION
ACTION COPY 1 INFORMATION COPY
TELEGRAMS, DESPATCHES, ETC.
COPY NO. 1 OF 6 COPIES

3. FORWARDED 8-31-61 (Date) Margaret W. Girdosky (Top Secret Control Officer)

3. DATE AND NAME OF PERSON PREPARING FORM 8-31-61 Jos L. Roberts

6. PERSONS TO WHOM ROUTED OR READING DOCUMENT	7. OFFICE SYMBOL	8. SIGNATURES	9. DATE RECEIVED	10. DATE READ	11. DATE RELEASED
ARA Message Center	ARA	Jos L Roberts	8-31-61	----------	8-31-61
Ray H. Crane	EST/B	Ray H Crane Fld RMR - Lms - 9-26-61			
		Girdosky	9/26/61		
Mr. Rogers	RMR		9/26/61		

1047

INSTRUCTIONS FOR USE OF DS-747

1. Access to this document shall be limited to those persons requiring the information in the performance of their duties.
2. Handling, storage, reproduction, destruction, and accountability for this document must comply with specific procedures set forth in security regulations.
3. The white copy of this form is a record of persons who have read or had disclosed to them any part of the document identified in Item 2.
4. Each person who receives this Top Secret document or reads any part of it shall sign his name and give other information requested in the appropriate space (Items 6, 7, 8, 9, 10, 11).
5. When document is destroyed or transmitted outside the Department or the Foreign Service, the white copy of Form DS-747 is removed and placed in the canceled accountability file of the last responsible Top Secret Control Officer.
6. Procedure for filing Form DS-747.
   a. Blue copy retained by Top Secret Control Officer of area preparing Top Secret Cover Sheet, in his canceled accountability file.
   b. Pink or yellow copy filed by Top Secret Control Officer receiving document, in his accountability control file. When document is released to jurisdiction of another Top Secret Control Officer, corresponding pink or yellow copy is transferred to canceled accountability file.

COMPLETE INSTRUCTIONS CONCERNING THIS FORM ARE FOUND IN SECTION 194.4, MANUAL OF REGULATIONS AND PROCEDURES AND IN SECTION 944, VOLUME 1, PART II OF THE FOREIGN SERVICE MANUAL.



(6)

INCOMING TELEGRAM *Department of State*

45-H
Action

SCA
Info

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CONFIDENTIAL

Control:
Rec'd: 2303Ø AUGUST 3Ø, 1961 9:58 PM

FROM: CINCARIB

TO: Secretary of State

NO: CC6847 1F DTG 31ØØ3ZZ AUGUST (ARMY MESSAGE)

RM/R CONTROL COPY

Army Dept.

NIACT

ACTION CHMAAG RIO DE JANEIRO INFORMATION JCS JACE AJCC FT RITCHIE, WHITE HOUSE, DEPARTMENT OF STATE

YOUR MESSAGE 417, 3Ø AUG 1961.

1. (C) REQUIREMENT FOR TEAR GAS GRENADES MUST BE FORWARDED BY THE US AMBASSADOR THRU STATE DEPT CHANNELS IN ACCORDANCE WITH PROCEDURES OUTLINED IN INCLOSURE 3 TO CARIBCOM LETTER FILE CC (E) 37Ø, 7 DEC 196Ø, SUBJECT: EMERGENCY ASSISTANCE, AND WILL INDICATE SOURCE OF FUNDING. PARTICULARLY IMPORTANT DUE TO CURRENT SENSITIVITY AND CONFUSION SURROUNDING SITUATION IN BRAZIL THAT REQUESTED SHIPMENT BE CLEARED BY STATE DEPARTMENT.

2. (C) FYI MATS FLIGHT REFERRED TO IN YOUR MESSAGE DOES NOT ORIGINATE OR PASS THRU PANAMA.

MM

732.56/8-3161

(1)

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Microfilmed by RMR

1049

W I T H D R A W A L N O T I C E

RG: 059 TAB #: 2

ENTRY: CDF60-63 1 / 3 / T / ---

COPIES/PPS/CLASS/SPECMARK

BOX: 1585

ACCESS RESTRICTED

The item identified below has been withdrawn from this file:

Folder Title: 732.58/8-3161

Document Date: 31/08/61

Document Ser.#:

TEL 590 FR RIO DE JANEIRO TO SECSTATE

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:

X Security-Classified Information

NND: 949515 WITHDRAWN: 02/24/95 by: JAS

FOIA RETRIEVAL #: 949515 01585 00002

W I T H D R A W A L N O T I C E

RG: 059 TAB #: 3

ENTRY: CDF60-63 1 / 3 / T / ---

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BOX: 1585

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Folder Title: 732.56/8-3161

Document Date: 31/08/61

Document Ser.#:

TEL 648 FR STATE TO RIO DE JANEIRO

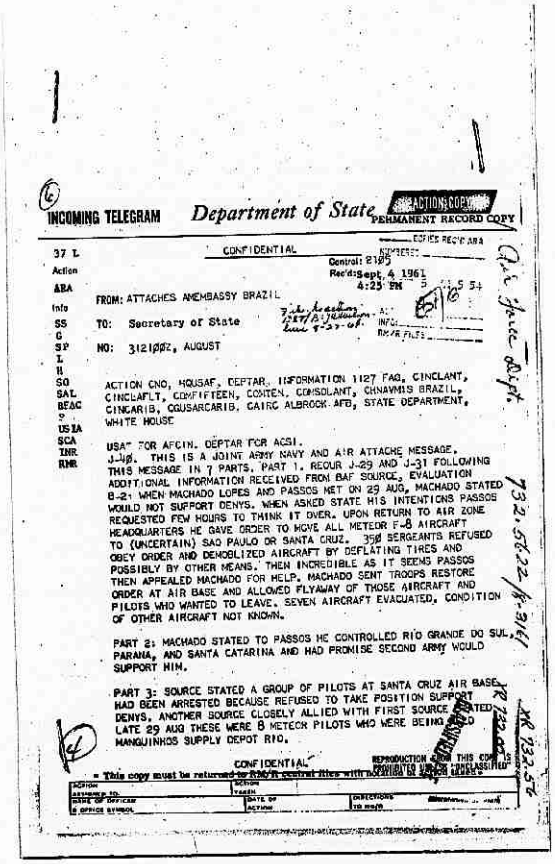
In the review of this file this item was removed because access to it is restricted. Restrictions on records in the National Archives are stated in general and specific record group restriction statements which are available for examination. The item identified above has been withdrawn because it contains:

X Security-Classified Information

NND: 949515 WITHDRAWN: 02/24/95 by: JAS

FOIA RETRIEVAL #: 949515 01585 00003

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INCOMING TELEGRAM Department of State ACTION COPY PERMANENT RECORD COPY

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Control: 8195
Rec'd: Sept. 4 1961
4:25 PM

FROM: ATTACHES AMEMBASSY BRAZIL

TO: Secretary of State

NO: 312 1pgz, AUGUST

ACTION CNO, HQUSAF, DEPTAR, INFORMATION 1127 FAG, CINCLANT, CINCLANFLT, COMFIFTEEN, COMTEN, COMSOLANT, CNAVMIS BRAZIL, CINCARIB, CGUSARCARIB, CAIRC ALBROOK AFB, STATE DEPARTMENT, WHITE HOUSE

USAF FOR AFCIN. DEPTAR FOR ACSI.
J.Jg. THIS IS A JOINT ARMY NAVY AND AIR ATTACHE MESSAGE.
THIS MESSAGE IN 7 PARTS. PART 1. RECUR J-29 AND J-31 FOLLOWING ADDITIONAL INFORMATION RECEIVED FROM BAF SOURCE, EVALUATION B-2: WHEN MACHADO LOPES AND PASSOS MET ON 29 AUG, MACHADO STATED WOULD NOT SUPPORT DENYS. WHEN ASKED STATE HIS INTENTIONS PASSOS REQUESTED FEW HOURS TO THINK IT OVER. UPON RETURN TO AIR ZONE HEADQUARTERS HE GAVE ORDER TO MOVE ALL METEOR F-8 AIRCRAFT TO (UNCERTAIN) SAO PAULO OR SANTA CRUZ. 35th SERGEANTS REFUSED OBEY ORDER AND DEMOBILIZED AIRCRAFT BY DEFLATING TIRES AND POSSIBLY BY OTHER MEANS. THEN INCREDIBLE AS IT SEEMS PASSOS THEN APPEALED MACHADO FOR HELP. MACHADO SENT TROOPS RESTORE ORDER AT AIR BASE AND ALLOWED FLYAWAY OF THOSE AIRCRAFT AND PILOTS WHO WANTED TO LEAVE. SEVEN AIRCRAFT EVACUATED. CONDITION OF OTHER AIRCRAFT NOT KNOWN.

PART 2: MACHADO STATED TO PASSOS HE CONTROLLED RIO GRANDE DO SUL, PARANA, AND SANTA CATARINA AND HAD PROMISE SECOND ARMY WOULD SUPPORT HIM.

PART 3: SOURCE STATED A GROUP OF PILOTS AT SANTA CRUZ AIR BASE HAD BEEN ARRESTED BECAUSE REFUSED TO TAKE POSITION SUPPORT DENYS. ANOTHER SOURCE CLOSELY ALLIED WITH FIRST SOURCE STATED LATE 29 AUG THESE WERE 8 METEOR PILOTS WHO WERE BEING HELD MANGUINHOS SUPPLY DEPOT RIO.

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ACTION ASSIGNED TO	ACTION TAKEN
DATE OF OFFICER'S OFFICE SYMBOL	DATE OF ACTION
	DIRECTIONS TO RMR

732.56/8-3161

1052

RM-R-file
11/2/61 G/PM-mid
action completed

NOV 2 1961 Small Conn No. 245

SECRET/XGDS

MEMORANDUM FOR: Director of Military Assistance
Office of the Assistant Secretary of Defense (ISA)

SUBJECT: Request Invoking Purchase of Military Equipment, Materials or Services under the Foreign Assistance Act of 1961, as amended.

The Department of State has received note No. [redacted] dated September 25, 1961, three copies of which are enclosed, from the Brazilian Embassy requesting the consent of the Government of Brazil to purchase specified equipment, services and manufacturing data on the following item for production in Brazilian arsenals:

"Revolver, Universal, M 9, Browning No. [redacted]"

Reference: Contract DA [redacted]

The Department of State approves, from an economic and political point of view, the granting of this request under the limitations and authority of Section 506 of the Foreign Assistance Act of 1961, as amended. This approval is subject to any present or prospective existing [illegible] considerations that apply to this article as may be subsequently determined by the Department of Defense.

[redacted]
Office of Military Assistance
Office of the Assistant Secretary for International Security Affairs

Enclosures:
Three copies of Brazilian note No. [redacted] dated September 25, 1961.

(2)

RM/R
Final 45

SECRET/XGDS

AR:WPAs:HJBuffalohides:pag - 10/31/61

RST-s Mr. Wilson (cleared in draft) MG (cleared in draft) G/A

(see attached blue copy for initials)

Microfilmed by RM/R

732.5/9-2561

1053

[redacted]

[redacted]

[redacted]

BRAZILIAN EMBASSY

275/524.2(22)

The Brazilian Embassy presents its compliments to the Department of State and has the honor of requesting the Department's good offices with the proper authorities of the United States Government towards permitting the acquisition, by the Brazilian Government, under the provisions of the Mutual Defense Assistance Act of 1954 Section 106, Public Law 665, and Paragraph 2a. (2) SR795-200-4, of specifications, drawings and manufacturing data pertaining to the material specified hereunder, with a view to the production of the same at Brazilian arsenals:

"Receiver, Universal, M 2, Drawing No. 6543621"

References: Contract DA BRAZIL 674.

With anticipated thanks for the Department's courtesy in the matter, the Brazilian Embassy renews the assurance of its highest consideration.

Washington, D.C., September 25, 1961.

1055

INCOMING TELEGRAM Department of State

PERMANENT RECORD COPY

CONFIDENTIAL

Control: 6135
Rec'd: NOV. 10, 1961
5:10 a.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1171, November 9, 7 p.m.

PASS DEFENSE

Department's A-239, February 3, 1961

Foreign Office informs Embassy it fully approves text draft note which Embassy submitted May 17, 1961 on basis A-239 re return unusable military equipment granted under Brazil-US military assistance agreement. Notes will be exchanged after Foreign Minister's return from Argentina next week.

GORDON

NM-2

611.327/11-961
XR 732.56

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CLASSIFIED FILE

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action completed
12/18/61 PRCS mid

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DEC 1 8 1961

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Brazil #166

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OF PROTOCOL

Trans. to G/PM for action
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RPAIS ACTION:
APM INFO:
12-1-61 RM/R FILES

315/524.2(22)

The Brazilian Embassy presents its compliments to the Department of State and requests its good offices with the proper authorities towards receiving for the Brazilian Government, under the provisions of the Mutual Assistance Act of 1957, Section 106, Public Law 665 and Paragraph 2a(2) SR 795-200-4, the following:

1088 Parachutes, personnel, reserve, chest type, stock number 1670-376-8779.

2. With anticipated thanks for the Department of State's courtesy in this matter, the Brazilian Embassy renews the assurances of its highest consideration.

Washington, November 16, 1961.

FILED
DEC - 4 1961

CFLL/cfb

(2) 11-17-61

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[redacted]

[redacted]

[redacted]

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OFFICE OF THE CHIEF
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INFO:
RM/R FILES

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2-78-62

42/524.2(22)

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DEPARTMENT OF STATE

1962 FEB 5 AM 11 11

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732.56/2-162

The Brazilian Embassy presents its compliments to the Department of State and requests its good offices with the proper autorities towards receiving for the Brazilian Government, under the provisions of the Mutual Assistance Act of 1957, Section 106, Public Law 665 and paragraph 2a (2) SR 795-200-4, the following:

CARTRIDGE, 7.62-Millimeter: ball, NATO, M59

- 40 each, Packed 20/ctn, 30 ctn/can
  M21, 2 can (1,200 ctg)/wdn bx M23
- 1 each, Packed 20/ctn, 12 ctn/mtl bx
  M19 or M19A1, 4 box (960 ctg)/wrbnd bx
- 1 each, Packed 20/ctn, 26 ctn/can
  M21, 2 can (1,040 ctg)/wdn bx M23

TOTAL 50,000 rounds

2. With anticipated thanks for the Department's of courtesy in this matter, the Brazilian Embassy renews the assurances of its highest consideration.

Washington, D.C., February 1º, 1962.

FILED
1962 FEB 2 PM 2 24

(2) 2-5-62 cfl

CGC/js

Unclassified by RMJH

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RMK file

PROS: Rec'd. 3/9/62

MAR 9 1962

[redacted]

732.56/2-162

WMB

[redacted]

Concurrences:

[redacted]

[redacted]

Orig held in RPAIS

BRAZILIAN EMBASSY

The Brazilian Embassy presents its compliments to the Department of State and requests its good offices with the proper authorities towards securing for the Brazilian Government under the provisions of the Mutual Assistance Act of 1957, Section 106, Public Law 665 and paragraph 3a (2) MB 795-200-4, the following

CARTRIDGE, 7.62-Millimeter: ball, M59

- 60 rnds; Packed 20/ctn, 20 ctn/cmn NSN, 2 cmn (1,200 rnd/cmn wt 82)
- 1 rnds; Packed 20/ctn, 12 ctn/pkl NSN or NSPKL, 4 cmn (960 rnd)/cmn wt
- 1 rnds; Packed 20/ctn, 24 ctn/cmn NSN, 4 cmn (1,920 rnd/cmn wt 82)

2. With anticipated thanks for the Department's [illegible] in this matter, the Brazilian Embassy avails itself of the opportunity to renew to the Department of State the assurances of its highest consideration.

Washington, D.C., February 10, 1964.

Cpm/jo

1062

RM/R

Brazil Case No. 169

[redacted]

MEMORANDUM FOR: Director of Military Assistance
Office of the Assistant Secretary
of Defense (ISA)

SUBJECT: Request Involving Purchase of Military Equipment, Materials or Services under the Foreign Assistance Act of 1961, as amended.

Enclosed are eight copies of a note, dated March 1, 1962, from the Embassy of Brazil requesting drawings and specifications pertaining to the launching platform utilized for the launching of the LIBRIN JUBI rocket.

The Department of State approves, from an economic and political viewpoint, the making of this request under the legislative authority of Section 507 of the Foreign Assistance Act of 1961, as amended. This approval is subject to any patent or proprietary rights and security considerations that apply to this material as may be subsequently determined by the Department of Defense.

Martin H. Weil
Military Programs Division
Program Review and Coordination Staff-AID

Enclosures:

Copies of Embassy Brazil note
dated March 1, 1962

Concurrences:

PRCS:AFManning:bwd:3/8/62 NST - Wilson RPA - McLean MC - Depenbrock

1063

ACTION
is assigned to
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73/524.2(22)

Case #169

The Brazilian Embassy presents its compliments to the Department of State and requests the Department's good offices with the proper authorities towards receiving for the Brazilian Government, under the provisions of the Mutual Assistance Act of 1957, Section 106, Public Law 665 and paragraph 2a (2) SR 795-200-4, the following:

> Drawings and specifications pertaining to the launching platform utilized for the launching of the LITTLE JOHN rocket, to be utilized as informational guides in the design and construction of a launching platform to be used in rocket research by the Brazilian Army.

2. With anticipated thanks for the Department's courtesy in this matter, the Brazilian Embassy renews the assurances of its highest consideration.

Washington, D.C., March 1, 1962.

732.5/3-162

CGC/js

(1) 3-5-62

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1064

INCOMING TELEGRAM *Department of State*

ACTION COPY

PERMANENT RECORD COPY

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NUMBERED

57-M
Action

Control: 5839
Rec'd: April 9, 1962 C 1
11:34pm

ARA
Info

FROM: Rio de Janeiro

TO: Secretary of State

NO: 2402, April 9, 6 P.M.

INFO:
RM/R FILES

732.5-MSP/4-962

ARA:EST:RJBurton:cbl
AID:PRCS:AFManning
6/2/62

RM/R file

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PRIORITY

DEPARTMENT PASS CINCARIB AND CINCLANT FOR INFORMATION.

DEPARTMENT PASS DEFENSE.

Reference Department Circular Telegram 1601.

Brazilian military have submitted one credit sales request and have discussed or sent out feelers on two others. Do not anticipate other large credit sales requests in FY 62-63.

For reasons indicated below only C-130 aircraft (which rumored here subject conversation Presidents Kennedy and Goulart) may require credit sales funding, and then only if long-term credit can be arranged.

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1. C-130 aircraft. Brazilian Air Force (FAB) has requested long-term loan to purchase five C-130 transport aircraft with initial spares, payable within 10 years. Acquisition these aircraft by Brazil fully consistent with concept establishing small effective, highly mobile units and would considerably augment Army Air Force internal security capability. C-130 aircraft would also provide greater capacity respond to civic action requirements, especially in disaster areas including those periodically affected by droughts or floods. Estimated cost is $3 million per aircraft with related equipment and spares or total estimated cost $15 million. DAF has full details. FAB cannot finance this equipment except over long period which not possible now under MAP. Consequently FAB / has

732.5-MSP/4-962

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NAME OF OFFICER • OFFICE SYMBOL		DATE OF ACTION	DIRECTIONS TO RM/R

1065

has approached US Embassy for long-term financing from AID or EXIMBANK for equipment which more properly financed through MSMS. Need exists meet this requirement through longer term financing under MSMS outside present LA MAP ceilings.

2. M-14 rifles, M-60 machine guns. Brazilian Army requires modern rapid-fire small arms and ammunition to meet US objectives for lightly equipped, highly mobile forces for internal security requirements. Army has requested information re possibility US provision 20,000 M-14 rifles, 200 M-60 machine guns with related spares and 60 million rounds ammunition for estimated cost $9.6 million including PCH and T. DA has full details. MAAG responded with sales offer. To date Brazilian Army has submitted purchase request for only 50,000 rounds. Unlikely funds available for other than this token purchase. Chief MAAG believes US should assist Army meet requirement by providing an initial portion through grant MAP plus advice and technical assistance in establishing indigenous production to meet additional requirement and follow-on support.

3. T-6 and T-28 aircraft for Brazilian Navy. Brazilian Navy has informally indicated desire purchase T-6 and T-28 aircraft. Number aircraft and if credit desired unknown. Because of present Air Force - Navy controversy over embarked aviation, Country Team holds US should not consider this request at this time.

GOB military budgets generally inadequate meet military requirements and unlikely improve in view general economic situation in which military budgets in competition with high priority economic stabilization and development programs. After meeting operation and maintenance costs Brazilian Armed Forces have little left for force improvement and training. Consequently all services unable adequately modernize without outside help. MAP fund under present limitation both for grant aid and MSMS inadequate meet internal security, ASW and civic action requirements. Desirable establish long term MSMS outside present ceilings.

DML BOND

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9.6

NOTE: PASSED DEFENSE, CINCLANT, CINCARIB

SECRET



32

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT ☐ CHARGE TO

CONFIDENTIAL
Classification

13766

JUN 22 6 36 PM '62

Origin

Info:

ACTION: Amembassy, RIO DE JANEIRO 3730

INFO : Amembassy, BUENOS AIRES 2580

INFO : CINCARIB

JOINT STATE/AID MESSAGE

Ref EMBTEL 2402 732.5611/4-962 XR 732.5622

Concerning Brazilian request for U.S. credit assistance on C-130 purchases, memorandum from Brazilian Embassy received in May states that [redacted] five C-130's will be used by Brazilian Air Force for various civilian purposes, viz five year highway program, northeast development, Amazon region development, transport by Correiro Aereo Nacional, and aid to drought and flood areas. Memorandum goes on to suggest possibility of financing through Eximbank or A.I.D.

To assist Washington agencies evaluate need for Brazilian air transport modernization and augmentation in the light of overall economic development and military requirements, country team assessment requested and indication of relative priority vis-a-vis other economic and military requirements. Also request teams view on appropriate funding source among [redacted] A.I.D., MAP credits, MAP grants, or other.

The foregoing instructions should be carried out without encouraging any expectations re [redacted]

[redacted]

(3)

BALL

AID:OTR:RJBarton/AID:PRC:[redacted] ARA - Mr. May

Clearances:
EPA-Mr. Spencer (cleared in draft) EUR/B - Mr. Green EUR - Mr. Wellman
Defense AID:AA/PEM:[redacted]
[redacted] - Mr. [redacted] cleared in draft

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Classification

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RIO-3730

732.5611/4-962 XR 732.5622

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RM/R file
PRCS-Brazil
4/24/62

APR 2 4 1962

Brazil Case No. 168

UNCLASSIFIED

MEMORANDUM FOR: Director of Military Assistance
Office of the Assistant Secretary
of Defense (ISA)

SUBJECT: Out-of-Channels Request by the Embassy of Brazil Involving Purchase of Military Material under the Foreign Assistance Act of 1961, as amended.

There is attached an out-of-channels request from the Embassy of Brazil which has been forwarded to us for review and action.

The Department of State approves, from an economic and political viewpoint, the meeting of this request under the legislative authority of Section 507 of the Foreign Assistance Act of 1961, as amended. This approval is subject to any patent or proprietary rights and security considerations that apply to this material as may be subsequently determined by the Department of Defense.

Martin M. Teak
Chief, Military Program Division
Program Review and Coordination Staff-AID

Attachment:

s/s

Concurrences: EMT - Wilson RPA - McHugh MC - Marshall

AFMannaghwd:PRCS:4/20/62

(1)

Microfilmed by RMJR

1068

BRAZIL

Item No.	Quantity	Stock No. & Description
01	30 UMA	1005-673-7965 Pistol, Automatic, Cal. 0.45" M1911A1

Brazil #168
Approved 5 Mar 1962
by phone

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Copy # 143 destroyed, RM/R

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OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT ☐ CHARGE TO

10537

For DOCT use only

Mar 11 5 09 PM '62

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Classification

Origin

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ACTION: Amembassy RIO DE JANEIRO 3314

INFO: POLAD GINGARIB

RIO-3314

While Dept appreciates Emb's assessment re probable reaction GOB to exchange notes in pre-electoral period, large part equipment programmed in FY 1962 for Brazilian armed forces intended for internal security purposes. No deliveries can be effected this equipment until GOC furnishes assurances required by US legislation, or President waives such commitments. Following is statement legal problem necessitating exchange notes:

1. Provision equipment pursuant to second paragraph, Article I, MAP Agreement, requires equipment go to units specified ancillary military plan. Plan states these units are to perform hemispheric defense missions, which do not repeat not include mission maintaining internal security.

2. Proposed exchange notes would remove applicability second sentence, Article I, and of Article 2, to internal security equipment, but make such equipment subject all other terms MAP Agreement. Terms MAP Agreement continuing applicable internal security equipment would include GOB commitments required section 506(a) Foreign Assistance Act unless President specifically waives requirements for such commitments.

732.3-MSP/3-1862

(2)

3. Amending ancillary military plan or exchange secret notes in

Drafted by: GOSpencer:hjb 5/18/62 | Telegraphic transmission and classification approved by: ARA:RPA:GOSpencer

Clearances: EST/B-Mr.Wilson | L/E-Mr.Malmborg (in draft) | DOD/Coun-Mr.Allen (in substance) | RPA-Mr.Jamison (in draft) | AID/PROS-Mr.Kyle (in draft)

SECRET
Classification

FORM DS-322

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OTF:EPA:EWKelly:mjb
(Drafting Office and Officer)

UNCLASSIFIED

RM/R

DEPARTMENT OF STATE

Memorandum of Conversation

Telephone

DATE: June 8, 1962

SUBJECT: Request by Army for State's Concurrence in Authorization to Accept Brazilian Currency from Sales of Foreign Excess Property.

PARTICIPANTS: Mr. George Waller, Office of the Comptroller, Department of the Army.

OTF/EPA - Mr. Edward W. Kelly

COPIES TO: RM/R
ARA/EST - Mr. Wilson

On May 23 Mr. Waller had explored with me the possibility of State concurring in an authorization to a U.S. Army unit in Brazil for the acceptance of Brazilian currency in the equivalent of $6,000 to $7,000 per year on a continuing basis, in order to avoid the necessity of getting an authorization each year. I had informed Mr. Waller that before giving any official answer I should prefer to know the reaction of the Treasury Department. Today Mr. Waller informed me by telephone that he had discussed the matter with Paige Nelson of Treasury and, in view of the U.S. Army requirements for Brazilian currency approximating the equivalent of $6,000 to $7,000 monthly, Treasury concurred.

I had previously discussed this matter with Mr. Wilson of ARA/EST who had agreed that if Treasury were to approve the request, he saw no reason why State should not concur. I accordingly informed Mr. Waller that State concurred in an authorization for the U.S. Army to accept the equivalent of $6,000 to $7,000 per year on a continuing basis in Brazilian currency from sales of foreign excess property.

OTF:EPA:EWKelly:mjb 6/8/62

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UNCLASSIFIED

GPO 865971

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INCOMING TELEGRAM *Department of State*

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Control: 11069
Rec'd: JUNE 14, 1962
7:30 PM

FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 2950, JUNE 14, 6 PM

ACTION DEPARTMENT 2950, INFORMATION POLAD CINCARIB, UNNUMBERED

RE DEPTEL 3314 - 732.5~~3~~ 732.52

EMBASSY CONVINCED FONMIN DANTAS NOT ONLY WOULD HOLD CONGRESSIONAL RATIFICATION REQUIRED FOR EXCHANGE NOTES ON INTERNAL SECURITY ASSISTANCE BUT ALSO WOULD REFUSE CONSIDER EXCHANGE IN SUCH CIRCUMSTANCES.

EMBASSY IN ANY CASE CONTINUES OPPOSE EXCHANGE IN VOLATILE PRE-ELECTORAL PERIOD AND URGES DEPARTMENT CONSIDER REQUEST FOR PRESIDENTIAL WAIVER NOTED REFTEL.

GORDON

DPB/JT/22

088 RIO 2950 732.5/5-1432

XR 732.52

(2)

SECRET

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1072

W I T H D R A W A L N O T I C E

RG: 059

TAB #: 4

ENTRY: CDF60-63

1 / 1 / C /
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BOX: 1585

ACCESS RESTRICTED

The item identified below has been withdrawn from this file:

Folder Title: 732.56/8-3161

Document Date: 04/09/61

Document Ser.#:

TEL 312100Z FR ATTACHES BRAZIL TO SECSTATE

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:

X Security-Classified Information

NND: 949515

WITHDRAWN: 02/24/95 by: JAS

FOIA RETRIEVAL #: 949515 01585 00004



INCOMING TELEGRAM Department of State

ACTION COPY

PERMANENT RECORD COPY

47-32
Action

CONFIDENTIAL

Control: 18330
Rec'd: AUGUST 23, 1962
8:10 A.M.

ARA
Info

FROM: RECIFE

TO: Secretary of State

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NO: 104, AUGUST 22, 4 P.M.

RMR

PRIORITY

ACTION DEPARTMENT 104, INFORMATION RIO DE JANEIRO 113.

LEFTIST ULTIMA HORA HEADLINES TUESDAY AUGUST 21 ACCUSED CONSULATE GENERAL OF IMPORTING ARMS AND EXPLOSIVES FOR ITS OWN USE. STORY BASED ON UH REPORTER DISCOVERY IN CUSTOMS HOUSE 3 BOXES SHELLS, GUNPOWDER, PRIMERS, ETC, ADDRESSED CONSULATE GENERAL, BUT WHICH DESTINED PERNAMBUCO POLICE ACADEMY UNDER USAID PUBLIC SAFETY PROGRAM. TODAYS HEADLINE UH CARRIES CONFIRMATION OF ORIGINAL REPORT. WHILE BODY OF STORY ACKNOWLEDGES 3 BOXES HEADED POLICE ACADEMY IT CLEARLY IMPLIES 7 BOXES REMOVED EARLIER INTENDED FOR USE CONSULATE GENERAL. IN COOPERATION SECRETARY PUBLIC SAFETY, INSPECTOR OF CUSTOMS, DIRECTOR POLICE ACADEMY, AND FRIENDLY JOURNALISTS, CONSULATE GENERAL HAS HAD PUBLISHED TRUE FACTS OF CASE. HOWEVER, SENSATIONALIST HEADLINE TREATMENT GIVEN STORY BY UH HAS ALREADY HAD ITS IMPACT. UNDERSTAND STORY GIVEN NATIONAL DISTRIBUTION.

CONSULATE GENERAL AND FRIENDLY LOCAL AUTHORITIES AGREE THAT THIS IS DELIBERATE ATTEMPT DISCREDIT AND EMBARRASS US. IN DISCUSSION THIS CASE YESTERDAY, CHIEF INTELLIGENCE, 3RD NAVAL DISTRICT WARNED CONSULATE GENERAL THAT COMMUNISTS AND LEFTIST NATIONALISTS PARTICULARLY WRATHFUL AND MAY POSSIBLY PROVOKE INCIDENTS INVOLVING AMERICANS WHICH COULD BE TWISTED AND BLOWNUP INTO SCANDAL. CAUTIONED CONSULATE GENERAL EXERCISE EXTREME PRECAUTIONS AVOID GIVING ANTI-AMERICAN ELEMENTS THIS OPPORTUNITY. I THUS HAVE

(3)

Declassified by DSAPP

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ACTION ASSIGNED TO:	ACTION TAKEN	
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

Read by 104

File

511.32/8-2262

XE 122.113
8-3254

1074

32

INCOMING TELEGRAM *Department of State* ACTION COPY PERMANENT RECORD COPY

CONFIDENTIAL

COPIES REC'D ARA

NUMBERED

Control: 9626
Rec'd: August 13, 1962
5:10 p.m.

55-H
Action

ARA
Info

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USIA
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ARMY
NAVY
AIR

RMR

FROM: Rio de Janeiro

TO: Secretary of State

NO: 369, August 13, 3 p.m.

NIACT

STATE PASS USAID AND DEFENSE

DEPCIRTEL 221

Country Team research reveals following known and significant purchases from non-US sources:

A. Army - none.

B. Navy:

1. Two Westland Widgeon (S-51) helicopters from UK in 1956.

2. On December 12, 1956 Brazilian Navy purchased from UK aircraft carrier HMS VENGEANCE (now MINAS GERAIS) at estimated price 6 million pounds sterling plus estimated 15 million pounds sterling overhaul and refitting accomplished in Verolme Shipyards in Holland. The MINAS GERAIS (A-11) arrived in Rio de Janeiro February 2, 1961.

3. Two hydrographic ships, SIRIUS (H-21) and CANOPUS (H-22) constructed by Ishikawajima Heavy Industries Company LTD of Japan were delivered to the Brazilian Navy October 15 and December 31, 1957, respectively.

4. One transport, SOARES DUTRA, was delivered December 29, 1957 from Japan.

Microfilmed by RMR

CONFIDENTIAL

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ACTION ASSIGNED TO	ACTION TAKEN	
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

RIO 369

RMA

INFO

RM/R FILES file

RPA/S
GFShorp
8/15/62

RM/R file

732.5-MSP/8-1362

FILED AUG 28 1962

1075

5. Two Bell (HLT) helicopters from Japan were purchased in 1958 for use on the above 2 hydrographic ships.

6. In 1960 two TBM aircraft were purchased from Holland and one TBM aircraft from France.

7. The Brazilian Navy is presently advertising in the world market for bids for the construction of a tanker.

8. Except for item 2 above cost and method financing unknown.

C) Air Force

1. Two Vickers Viscounts were purchased from the UK in 1956. Price and terms not known.

2. 38 Paris jets (MS-760) purchased from France and delivered in 1960 and 1961. These aircraft were assembled in Brazil. Cost price US $5.2 million. Type of currency used, cash or barter, not known.

3. Six AVRO 748 transport aircraft purchased from UK for delivery prior to January, 1963. Price US $6.3 million. Understand this to be a cash deal but do not know type of currency to be used.

GORDON

LTR/6



Copy # 003 of 10 copies, Series A

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT ☐ CHARGE TO

SECRET

Classification

01444

Origin

Info

ACTION: Amconsul SANTOS 3

Re CA-3163, Sept.24. Two gas masks shipped Oct. 3 via surface pouch No. 6-2394. Ensure opened only by authorized U. S. personnel.

RUSK

SANTOS

RUSK

XR 772.5-0

Drafting Officer and Telephone: SCA/WLG:MrAndersen:ld 10/3/62

Telegraphic transmission and classification approved by: SCA/WLG - James P. McDonnell

Clearances:

SECRET

Classification

REPRODUCTION FROM THIS COPY IS PROHIBITED UNLESS "UNCLASSIFIED".

FORM DS-322

1077

1 — 32 —

732.56/11-562

The Department of State acknowledges the receipt of note No. 400/524.2 (22) dated November 5, 1962 from the Brazilian Embassy concerning the desire of the Government of Brazil to purchase 30,000 rounds of 90 mm. with projectile, high explosive, anti-aircraft ammunition.

The Embassy's request is being considered by the appropriate authorities of this Government and the Embassy will be informed as soon as a decision is reached.

732.56/11-562

Department of State,

Washington, December 6, 1962

S/S-C
DEC 5 1962 AM

Brazil Case No. 172

732.56/11-562
cc: Amembassy RIO DE JANEIRO
GINCARIB

ARA:RPA/S:Capt.GFSharp:hjb 11/28/62
EST/B-Mr.Shields MC-Mr.Darby AID/PRGS-Mr.Mar[illegible]

1078

(12)

RMJR file (1)-9-62 JWB

DEC 4 1962

Brazil Case No. 172

SECRET

MEMORANDUM FOR: Special Assistant to the
Assistant Secretary of Defense
International Security Affairs (ISA)

SUBJECT: Request Involving the Purchase of Military Equipment, Material or Services under the Foreign Assistance Act of 1961, as amended.

Enclosed are eight copies of a note, dated November 5, 1962, from the Brazilian Embassy requesting the purchase of the following:

30,000 Rounds 90mm, w/Projectile High Explosive Anti-Aircraft Ammunition

The Department of State approves, from an economic and political viewpoint, the meeting of this request under the legislative authority of Section 507 of the Foreign Assistance Act of 1961, as amended. This approval is subject to any patent or proprietary rights and security considerations that apply to this material as may be subsequently determined by the Department of Defense.

Martin M. Tank
Chief, Military Program Division
Program Coordination Staff-AID

Enclosures:

Copies of Embassy of
Brazil note dated
November 5, 1962

CONCURRENCES: EST - Wilson MC - Darby
AFN - [illegible] RPA - [illegible]
jwb:PCS:11/13/62

(1)

732.5 11-562

1079

Series A
EA/ARA

AID/PRCS-Warning
Case #17

ACTION
is assigned to

RECEIVED
DEPARTMENT OF STATE

1962 NOV 6 PM 3 37

BRAZIL
ANALYSIS & DISTRIBUTION
BRANCH

INFO:
RM/R FILES Date
RPA/S Capt. G.F.Sharp
11/20/62

SECRET

Nº 400/524.2 (22)

Can we add illeg. security comment would
can ex dupe files
gs

The Brazilian Embassy presents its compliments to the Department of State, and in pursuance of an enquiry by the Brazilian Army, requests the Department's good offices with the proper authorities in ascertaining the possibility of supply of the munitions indicated below, as well as the price of same, under the provisions of the Mutual Assistance Act of 1954, Section 106, Public Law 66, and Paragraph 2a (2) Sr 795-200-4:

30,000 ROUNDS 90 mm, w/PROJECTIL
HIGH EXPLOSIVE, ANTI-AIRCRAFT .

2. With anticipated thanks for the Department's courtesy in this matter, the Brazilian Embassy renews the assurances of its highest consideration.

Washington, November 5, 1962.

FILED
DEC 13 1962

499071

11-6-62

732.32/11-522

1080

ACTION
is assigned to
ARA

51

RECEIVED
DEPARTMENT OF STATE

1962 DEC 4 AM 10 28

RM/AM
ANALYSIS & DISTRIBUTION
BRANCH

INFO:
RM/R FILES

№ 413/592.00

Nov. 14, 1962

The Brazilian Embassy presents its compliments to the Department of State and has the honor to inform the following:

Recently, Dr. Djalma Batista, Director of the "Instituto Nacional de Pesquisas da Amazônia" (Amazon National Research Institute), affiliated with the National Research Council of Brazil, visited the United States and, with the assistance of the Brazilian Desk of the State Department, had the opportunity of meeting with American authorities and scientists interested in the fields of specialization of the Institute under his direction.

1/1

A second purpose of Dr. Batista's visit was to acquire certain items of equipment for the Institute. While in the United States, Dr. Batista was informed that these items might be made available through surplus military equipment centers. Since the Institute is an organization required to operate on limited funds, it has asked the Embassy to request a confirmation of the above and,

500436

732.56/11-1462

(4) 12-4-62

1081

and, in the event of a positive answer, to submit the annexed list of items for the consideration by the proper authorities as equipment to be donated to the Institute.

The Embassy presents its anticipated thanks for the attention given to this matter.

Washington, November 14, 1962.

CGC/lf

Encl att
57

1. Field Pack, Cotton duck, OD - 6
2. Net Mosquito, with Plastic Top (Jungle Hammock) - 12
3. Kit, First Aid - 12
4. Kit, Toilet - 12
5. Kit, Sewing - 6
6. Ration, Combat, K Type - 500
7. Shelter Half Tent, w/ lines, pins and poles - 6
8. Cot, Folding, light metal - 6
9. Mattress, Pneumatic - 12
10. Bag, Sleeping, tropical - 6
11. Stove, gasoline burner, 1 burner - 3
12. Pillow, inflatable - 12
13. Kit, knife, fork and spoon - 12
14. Canteen, Vickers Type - 12
15. Knife, commando type - 12
16. Pick and Shovel, Compact - 12
17. Axe, 17" with cover, Collins - 12
18. Case, map, waterproof - 12
19. Soup Powder, assorted flavors -
20. Tablet, water purification, (Halazone) 2,500
21. Knife, pocket, U.S. Navy - 12
22. Belt, Pistol, Cotton webbing - 12
23. Boots, reinforced at hell, waterproof - 12
24. Boats, inflatable - 6
25. Traveling Bag, waterproof - 12
26. Radio Set, "Walkie-Talkie", complete - 3
27. Bag, canvas, water sterilizing, w/ropes and cover-6

1083

return to ARA:EST/B
room 4906 N.S.

The Department of State refers to the Brazilian Embassy's note No. 413/592.00, of November 14, 1962, received in the Department of State on December 4, 1962. It is regretted that a reply has been delayed. The Embassy's note requests information concerning the possibility of a donation to Dr. Djalma Batista, Director of the Amazon National Research Institute, of certain items of United States surplus military equipment listed in an enclosure to the note. Reference is made to conversations which Dr. Batista reportedly had with persons in the United States concerning the possibility of such a donation.

Although surplus military equipment is normally disposed of by public auction, the possibility of such a donation is being explored with the Department of Defense.

Pending the result of this action, the Department would appreciate the Embassy's assistance in identifying the persons to whom Dr. Batista may have spoken in the United States concerning a donation of the articles in question. Such information would enable the Department to explore the possibility of other donors in case of a negative reply from the Department of Defense.

Department of State,
Washington, February 27, 1963

ARA:EST/B:RHShields:am 2/26/63

Clearances: EST/B - Mr. Burton
EST - Mr. Wellman
RPA - Mr. McLean

1084

Subject

The Department of State presents its compliments to the Brazilian Embassy and has the honor to refer to the Embassy's Note No. 413/592.00, of November 14, 1962, received in the Department of State on December 4, 1962. The Embassy's Note requests information concerning the possibility of a donation to Dr. Djalma Batista, Director of the Amazon National Research Institute, of certain items of United States surplus military equipment listed in an enclosure to the Note. The Note also refers to conversations which Dr. Batista reportedly had with unnamed persons in the United States concerning the possibility of such a donation.

Although it is understood that surplus military equipment is normally disposed of by public auction, this Department will explore the possibility of such a donation with the Department of Defense.

Pending the result of this action, the Department of State would appreciate the Embassy's assistance in identifying the persons to whom Dr. Batista may have spoken in the United States concerning a donation of the articles in question. Such information would enable the Department to explore the possibility of other donors in case of a negative reply from the Department of Defense.

Department of State,
Washington,

Clearances:
EST/B - Mr. Burton
EST - Mr. Wellman
RPA - Mr. McLean
U/PR -

ARA:EST/B:RHShields:an 2/21/63

1085

Standard Form 63
Nov. 1961 Edition
63-104

MEMORANDUM OF CALL

Date	Time
12/10	2:35

TO— Mr Shields

☑ YOU WERE CALLED BY— ☐ YOU WERE VISITED BY— Mr Lobo

Bi'n Emb

TELEPHONE:	Number or code	Extension

☐ PLEASE CALL
☐ WILL CALL AGAIN
☑ RETURNING YOUR CALL
☐ IS REFERRED TO YOU BY: Lobo sdy

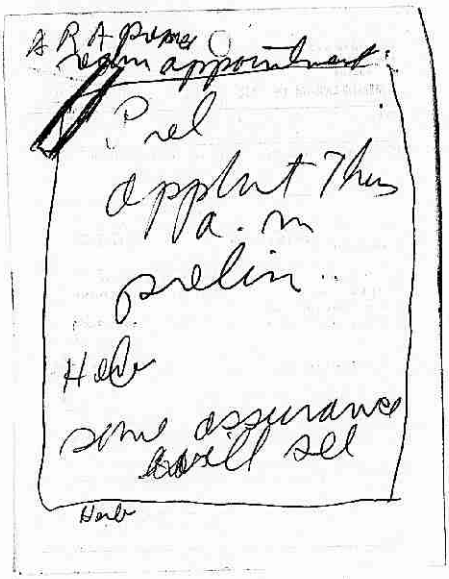
☐ WAITING TO SEE YOU
☐ WISHES AN APPOINTMENT

LEFT THIS MESSAGE: he says reins of Rev overthrow attacked Batista unknown to Embassy

Received By RH

U.S. GOVERNMENT PRINTING OFFICE : 1962 O—631191

1086


Regular appointment
Prel
appl at 7 thurs
a.m
prelim
Hold
some assurance
will sel

Margot: Will you please draft letter



Dictate letter
to Mr Bloom

1089

Dr. Novack

x C411

Dr.

x 5558

Bureau

no information

7

1128 Savannah

6797

~~Mr. Sanchez~~

Mrs. Louis

1091

RS

no info in Bio CU files

Alex shall I call Osborne

Subject

The Department of State presents its compliments to the Brazilian Embassy and has the honor to refer to the Embassy's Note No. 413/592.00, of November 14, 1962, received in the Department of State on December 4, 1962. The Embassy's Note requests information concerning the possibility of a donation to Dr. Djalma Batista, Director of the Amazon National Research Institute, of certain items of United States surplus military equipment listed in an enclosure to the Note. The Note also refers to conversations which Dr. Batista reportedly had with unnamed persons in the United States concerning the possibility of such a donation.

A copy of the Embassy's Note has been sent to the Department of Defense with a request that it consider the possibility of supplying by donation the items desired by Dr. Batista. Normally the Department of Defense disposes of surplus military equipment by public auction.

Pending a determination by the Department of Defense, the Department of State reiterates a request made informally to an Embassy representative for information which would help identify the persons to whom Dr. Batista may have spoken in the United States concerning a donation of the articles in question. Such information would enable the Department to explore the possibility of other donors in case of a negative reply from the Department of Defense.

Department of State,

Washington,

ARA:RST/B:RHShields:am 2/13/63

Clearances:
RST/B - Mr. Burton
RST - Mr. Mallison
ARA - Mr. Mallison
O/R -

1093

Fill Shields

Bob-

Kleyd we ~~publish~~

Rdp Spencer's slug

Let's be sure action

going forward

— RB

No 413/592.00

The Brazilian Embassy presents its compliments to the Department of State and has the honor to inform the following:

Recently, Dr. Djalma Batista, Director of the "Instituto Nacional de Pesquisas da Amazônia" (Amazon National Research Institute), affiliated with the National Research Council of Brazil, visited the United States and, with the assistance of the Brazilian Desk of the State Department, had the opportunity of meeting with American authorities and scientists interested in the field of specialization of the Institute under his direction.

1/1

A second purpose of Dr. Batista's visit was to acquire certain items of equipment for the Institute. While in the United States, Dr. Batista was informed that these items might be made available through surplus military equipment centers. Since the Institute is an organization required to operate on limited funds, it has asked the Embassy to request a confirmation of the above and,

1094

and, in the event of a positive answer, to submit the annexed list of items for the consideration by the proper authorities as equipment to be donated to the Institute.

The Embassy presents its anticipated thanks for the attention given to this matter.

Washington, November 14, 1962.

COC/lf

1095

1. Field Pack, Cotton duck, OD - 6
2. Net Mosquito, with Plastic Top (Jungle Hammock) - 12
3. Kit, First Aid - 12
4. Kit, Toilet - 12
5. Kit, Sewing - 6
6. Ration, Combat, K Type - 500
7. Shelter Half Tent, w/ lines, pins and poles - 6
8. Cot, Folding, light metal - 6
9. Mattress, Pneumatic - 12
10. Bag, Sleeping, tropical - 6
11. Stove, gasoline burner, 1 burner - 3
12. Pillow, inflatable - 12
13. Kit, knife, fork and spoon - 12
14. Canteen, Vickers Type - 12
15. Knife, commando type - 12
16. Pick and Shovel, Compact - 12
17. Axe, 17" with cover, Collins - 12
18. Case, map, waterproof - 12
19. Soup Powder, assorted flavors -
20. Tablet, water purification, (Halazone) 2,500
21. Knife, pocket, U.S. Navy - 12
22. Belt, Pistol, Cotton webbing - 12
23. Boots, reinforced at heel, waterproof - 12
24. Boats, inflatable - 6
25. Traveling Bag, waterproof - 12
26. Radio Set, "Walkie-Talkie", complete - 3
27. Bag, canvas, water sterilizing, w/ropes and cover-6

1096

32

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT ☐ CHARGE TO

CONFIDENTIAL
Classification

04068

Nov 19 12 00 PM '62

Origin

ACTION: AmEmbassy, RIO DE JANEIRO 1156

Info

BRazilia

Ref: /WEEKAS 42 and 43.

Prospect Brazilian Air Ministry procurement Polish helicopters and possible establishment helicopter production facilities in Brazil, has caused [redacted] concern among Washington agencies. If project involves military equipment, this would represent first significant breach US objective exclude Bloc military equipment and technicians from OAS member countries.

Would appreciate your earliest assessment seriousness and implications of this proposal and comments on following points: What can you tell us about nature equipment and proposed use? Is proposal likely to be consummated? If so, would approach to GOB pointing out political dangers accepting military ties with any Bloc [redacted] country, particularly dependence spares, etc., and danger of "technicians" as agents for subversion, be likely to be effective in dissuading GOB consummating deal? What would US need to offer in return? If manufacturing facilities are to be established, would they be of military nature or readily convertible to military uses? Would such manufacturing facility envisage presence large number Soviet Bloc technicians for its construction and operation?

END

Rio 1156

DEA, DR 11/19/62 ltr 11/32 54 32 1 1 1

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INCOMING TELEGRAM *Department of State*

ACTION COPY

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NUMBERED

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Control: 12102
Rec'd: NOVEMBER 30, 1962
1:29 PM

Rio 1056

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FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 1056, NOVEMBER 29, 7 PM

ACTION DEPARTMENT 1056, INFORMATION POLAD CINCARIB 18.

DEPTEL 1156.

1. COUNTRY TEAM FULLY SHARES WASHINGTON CONCERN HELICOPTER DEVELOPMENT WHICH PART GOULART ADMINISTRATION'S POLICY RAPPROCHEMENT WITH SINO-SOVIET BLOC. IN VIEW RUMORED POSSIBILITY SIGNING BRAZILIAN-POLISH AGREEMENT CONNECTION CURRENT VISIT HERE POLISH MINISTER FOREIGN TRADE, I HAVE FELT JUSTIFIED MENTIONING SUBJECT AT HIGH LEVEL GOB POINTING OUT POLITICAL DANGERS ALONG LINES REFERENCE TELEGRAM. NOVEMBER 27 CONVERSATION MINISTER AERONAUTICS REPORTED SECOND PARAGRAPH. NOVEMBER 28 CONVERSATION GOULART ALREADY REPORTED SEPARATE MESSAGE.

2. AIR MINISTER RESPONDED DEFENSIVE MANNER, NOTING DEAL NOT YET CONSUMMATED. SAID US EQUIPMENT PREFERABLE BUT BECAUSE LACK DOLLAR CREDITS AND US AND WESTERN EUROPEAN RELUCTANCE PROVIDE SAME IMPOSSIBLE GOB OBTAIN HELICOPTERS THOSE SOURCES. CONFIRMED GOB PLANS PROCURE 1002-PLACE POLISH SM-1 HELICOPTERS (SOVIET MI-1 TYPE) OVER THREE-YEAR PERIOD. STATED PRESENT NEED ABOUT 40. OF THESE THREE ALLOCATED TO PETROBRAS, THREE FOR SAN FRANCISCO HYDRO-ELECTRIC AUTHORITY, THREE FOR USE IN STATE OF GOIAS (PURPOSE NOT SPECIFIED) AND REMAINDER FOR ARMY SUPPORT AND FAB SEARCH AND RESCUE WORK. CLAIMED COST WOULD BE APPROXIMATELY 70 TO 80 THOUSAND DOLLARS EACH, ALL PAID IN OTHERWISE UNSALABLE COFFEE, AND THAT COMPARABLE CRAFT IN US AND WE WOULD BE TWICE TO THREE TIMES AS MUCH. ARGUED THAT IN FACT TRANSACTION WOULD COST BRAZIL NOTHING SINCE EXCHANGE FOR SURPLUS COFFEE. (MINISTER, HINTING AT CRAFT THIS INSTANCE, MENTIONED THAT

(5)

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ACTION ASSIGNED TO:	ACTION TAKEN	DIRECTIONS TO RM/R
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	

P32 P 12 11 62 12 62 AF 232.5-62 12
AF 463 49411 AR 232.5 TC
AR 232.5 TC

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32.

ACTION COPY

INCOMING TELEGRAM *Department of State* PERMANENT RECORD COPY

55-W
Action
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FBI
RMR

CONFIDENTIAL

Control: 5122
Rec'd: December 10, 1962
[illegible] p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1122, December 10, 7 p.m.

PRIORITY

DEPTEL 1221.

Embassy still seeking facts and will report fully later.

Governor Mauro Borges of Gaias on visit Rio last week told press December 4 seizure arms and arrests by state police at Dianopolis day before result steps he had taken twenty days earlier basis information provided by federal agents. Said while lacking precise details, he confident arms not Cuban but Brazilian. Governor observed fate of armed men remote region Northeastern Goias not news and such incidents as occur usually outcome farmers disputes over property lines. In Rio television interview on December 6 Governor took same attitude, saying Goias has neither guerillas nor warfare and passed off present episode as similar far west movie plot, noting area in question like US western frontier century ago. Asserted local authorities competent handle any troublemakers.

Newspaper O ESTADO DO SAO PAULO on December 7 carried lengthy report special correspondent at Dianopolis depicting Communist activities that area as extremely serious and noting that while large-scale Cuban financing suspected no proof thereof exists so far.

BOND

(2)

CMW/6

Rio 1122
RM/R
File

732.00/12-662 AP 732.5-MA

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ACTION ASSIGNED TO:	ACTION TAKEN CONFIDENTIAL	DIRECTIONS TO RM/R
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	

GPO 930 880

1099

RPA - Mr. McLeary

DEPARTMENT OF STATE
ASSISTANT SECRETARY

2236

February 8, 1962

TO: The Secretary

THROUGH: S/S

FROM: ARA - Mr. Goodwin

SUBJECT: Circular 175: Request for Authority to Negotiate Extension of Ship Loan Agreement of January 12, 1957 with Brazil.

Discussion

In accordance with Department Circular 175 of December 13, 1955, authorization is requested to extend through an exchange of notes the loan of two vessels pursuant to the Agreement of January 12, 1957 (Tab B) with Brazil for an additional period of five years. The ships involved are two submarines which were loaned to the Brazilian Government pursuant to the authority of PL 84-484 of April 6, 1956 (Tab C).

In a diplomatic note dated November 17, 1961 (Tab D), the Government of Brazil notified the United States Government of its desire to retain the two ships for an additional five years because the vessels are indispensable to the Brazilian Navy, being the only ships of that class available to the Brazilian Fleet. The two submarines are committed to hemisphere defense plans, pursuant to the Military Assistance Agreement in effect between the United States and Brazil.

The Plan of the Government of Brazil and of the United States for their common defense states, among other things, that Brazil shall, as a matter of primary responsibility, defend its coastal sea communications. Moreover, it is the military policy of the United States to provide military assistance to those Latin American countries having a capability of performing anti-submarine warfare missions. The U. S. Navy considers that the Brazilian Navy has a significant potential for anti-submarine warfare and has assured the Department of State that the two submarines are an important requirement of the Brazilian Fleet.

In view of the foregoing, it would appear to be in the interest of the United States to extend the loan of the two submarines to Brazil for another five years.

Recommendation

That you authorize: (1) the Assistant Secretary of State for ARA, or his deputy, to negotiate the ship loan extension on the basis of the draft note at Tab A, and to sign the note if no changes are made; and (2) the Assistant Secretary of State for ARA, or his deputy, with the

ARA:RPA:AF mc Lean:L/EKE Malmberg

733.5-MSP/2-862

1100

concurrences of L, AID/PROS, and appropriate representatives of the Department of Defense, to approve any changes in the above mentioned draft note as a result of negotiations, and sign such note as changed.

Concurrences

H - Mr. ~~Leddy~~
AID/PROS - Mr. Kyle
EST - Mr. Hembd
L - Mr. Rehm

OSD/ISA - Mr. Briggs (in draft)
OSD/Coun - Mr. Forman (in draft)
Navy - Lt. Cmdr. Scleris (in draft)
G/PM - Mr. Maechling

Attachments:

1. Draft note to Brazilian Ambassador (Tab A).
2. Ship Loan Agreement of January 12, 1957 (Tab B).
3. PL 84-484 of April 6, 1956 (Tab C).
4. Diplomatic note no. 316/534.0(22) of November 17, 1961 from Brazilian Embassy, Washington, D. C. (Tab D).
5. Legal Memorandum (Tab E).

Approved 2/12/62

Disapproved

ARA:RPA:AFMcLean/L/E:KEHalmborg:pag
12/29/61

2256

DRAFT NOTE

The Assistant Secretary of State to the Brazilian Ambassador

Excellency:

I have the honor to refer to your Government's request that the loan of two submarines pursuant to the Agreement, effected by the exchange of notes signed at Washington on January 12 and January 16, 1957, be extended for an additional period of five years.

I am pleased to inform your Excellency that the Government of the United States of America will extend the loan of the two submarines for an additional period not to exceed five years, subject to the terms and conditions of the above mentioned Agreement.

In the event that the above proposal is acceptable to your Government, this note and your reply concurring therein shall constitute an agreement between the two Governments, which shall enter into force on the date of your reply.

Accept, Excellency, the assurances of my highest consideration.

For the Secretary of State:

732.5221/2-2257

TREATIES AND OTHER INTERNATIONAL ACTS SERIES 3731

MUTUAL DEFENSE ASSISTANCE

Loan of Vessels to Brazil

Agreement Between the
UNITED STATES OF AMERICA
and BRAZIL

Effected by Exchange of Notes
Signed at Washington January 12 and
16, 1957

7 U.S. 732. 57 21 / 2-862

1103

DEPARTMENT OF STATE

[Literal print]

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington 25, D.C. - Price 5 cents

BRAZIL

Mutual Defense Assistance: Loan of Vessels to Brazil

Agreement effected by exchange of notes
Signed at Washington January 12 and 16, 1957;
Entered into force January 16, 1957.

The Secretary of State to the Brazilian Ambassador

DEPARTMENT OF STATE
WASHINGTON
Jan 12 1957

EXCELLENCY:

I have the honor to refer to the Embassy's note of July 15, 1955,[1] which expressed the interest of the Government of the United States of Brazil in obtaining submarines from the Government of the United States of America for the use of the Brazilian Navy. I am now pleased to inform Your Excellency that the Government of the United States of America is prepared to lend to the Government of the Republic of the United States of Brazil the submarines listed below, under the authority of Public Law 484, of 84th United States Congress, and therefore proposes the following agreement: 70 Stat. 108.

1. The Government of the United States of America will lend to the Government of the Republic of the United States of Brazil, for the period set out below, the following two submarines:

USS MUSKALLUNGE (SS 262)

USS PADDLE (SS 263)

2. The Government of the United States of Brazil will retain possession of and use the submarines subject to the terms and conditions contained in this note and the Mutual Defense Assistance Agreement between the United States of America and the Republic of the United States of Brazil, signed on March 15, 1952. TIAS 2770. 4 UST 170.

3. The period of the loan for each submarine shall be five years from the date of its delivery to the Government of the United States of Brazil. The Government of the United States of

[1] Not printed.

1104

America may, however, request the return of either or both of the submarines at an earlier date if such action is necessitated by its own defense requirements. In this event, the Government of the United States of Brazil will promptly return either or both of the submarines to the Government of the United States of America in accordance with the provisions of paragraph 7 of this note. The loan of either or both of the submarines shall be extended for such additional period of time, not to exceed five years, as the two Governments may mutually agree upon.

4. Each submarine, together with its available on-board spares and allowances, including consumable stores and fuel, will be delivered to the Government of the United States of Brazil at a place and time to be mutually agreed upon. Each delivery shall be evidenced by a certificate of delivery. The Government of the United States of Brazil shall have the use of all spares and allowances, including consumable stores and fuel, on board each submarine at the time of its delivery.

5. Title to the submarines shall remain in the Government of the United States of America. The Government of the United States of Brazil may, however, place the submarines under the Brazilian flag.

6. The Government of the United States of Brazil will renounce all claims against the Government of the United States of America arising from the transfer, use of operation of the submarines and will save the Government of the United States of America harmless from any such claims asserted by third parties.

7. Upon the expiration or termination of the loan, each submarine, together with its available on-board spares and allowances, including consumable stores and fuel, will be returned to the United States of America at a place and time to be specified by the Government of the United States of America, in substantially the same condition, reasonable wear and tear excepted, as when originally delivered. The return shall be without compensation by the United States of America with respect to any such on-board items which were not on board at the time of the original delivery. The Government of the United States of Brazil will pay to the Government of the United States of America just and reasonable compensation for damage to or loss of either or both of the submarines. The Government of the United States of Brazil shall not, however, be liable for damage to or loss of either or both of the submarines arising out of enemy action and sustained while in use in accordance with the provisions of paragraph 2 of this note.

If these understandings are acceptable to Your Excellency's Government, I have the honor to propose that this note and Your Excellency's note in reply shall constitute an agreement between our two Governments, effective on the date of Your Excellency's reply.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State
HERBERT HOOVER, Jr.

His Excellency
ERNANI DO AMARAL PEIXOTO,
Brazilian Ambassador.

The Brazilian Ambassador to the Secretary of State

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL
18/634.0(23) *Washington, em 16 de janeiro de 1957.*

SENHOR SECRETÁRIO DE ESTADO,

Tenho a honra de acusar o recebimento da nota de 12 do corrente, pela qual Vossa Excelência me informa de que o Govêrno dos Estados Unidos da América está disposto a emprestar ao Govêrno da República dos Estados Unidos do Brasil, de acôrdo com a Lei nº 484, do 84º Congresso dos Estados Unidos da América, os submarinos abaixo indicados e propõe portanto o seguinte acôrdo:

1. O Govêrno dos Estados Unidos da América emprestará ao Govêrno da República dos Estados Unidos do Brasil, pelo período abaixo fixado, os dois seguintes submarinos:

USS MUSKALLUNGE (SS 262)
USS PADDLE (SS 263)

2. O Govêrno dos Estados Unidos do Brasil retem posse e uso dos submarinos, respeitados os termos e as condições contidas nesta nota e o Acôrdo de Defesa Mútua assinado pelos Estados Unidos da América e pelos Estados Unidos do Brasil, em 15 de março de 1952.

3. O período de empréstimo de cada submarino é de 5 anos, a contar da data de entrega ao Govêrno dos Estados Unidos do Brasil. O Govêrno dos Estados Unidos da América pode, porém, solicitar a devolução de um ou de ambos os submarinos em data anterior, se assim fôr necessário por exigência de sua própria defesa. Em tal eventualidade, o Govêrno dos Estados Unidos do Brasil

devolverá imediatamente um ou ambos os submarinos ao Govêrno dos Estados Unidos da América, de acôrdo com as disposições do parágrafo 7º desta nota. O prazo de empréstimo de um ou de ambos os submarinos pode ser prorrogado por período adicional, não excedente de cinco anos, mediante acôrdo entre os dois Governos.

4. Cada submarino, com os sobressalentes e suprimentos existentes a bordo, inclusive material de consumo e combustível, será entregue ao Govêrno dos Estados Unidos do Brasil em lugar e época a serem combinados entre as duas partes. A entrega de cada um deve ser comprovada por certidão de entrega. O Govêrno dos Estados Unidos do Brasil tem direito ao uso de todos os sobressalentes e suprimentos, inclusive bens de consumo e combustível, que se acharem a bordo na ocasião da entrega.

5. O título de propriedade dos submarinos pertence ao Govêrno dos Estados Unidos da América. O Govêrno dos Estados Unidos do Brasil pode, entretanto, colocar os submarinos sob sua bandeira.

6. O Govêrno dos Estados Unidos do Brasil renuncia a quaisquer reclamações contra o Govêrno dos Estados Unidos da América provenientes da transferência, uso ou operação dos submarinos, e isenta o Govêrno dos Estados Unidos da América de responsabilidade por quaisquer reclamações desta natureza que venham a ser feitas por terceiros.

7. Vencido o prazo do empréstimo, ou terminado êste, cada submarino, com os sobressalentes e suprimentos disponíveis a bordo, será devolvido aos Estados Unidos da América em tempo e lugar a serem determinados pelo Govêrno dos Estados Unidos da América, de um modo geral nas mesmas condições em que foram entregues, com exceção do uso e desgaste razoáveis. A devolução se fará sem qualquer compensação por parte dos Estados Unidos da América relativamente a quaisquer acessórios que não estavam a bordo por ocasião da entrega. O Govêrno dos Estados Unidos do Brasil pagará ao Govêrno dos Estados Unidos da América justa e razoável compensação por danos ou perda de um ou de ambos os submarinos. O Govêrno dos Estados Unidos do Brasil não é, entretanto, responsável por danos ou perda de um ou de ambos os submarinos, resultantes de ação inimiga ou sofridos durante o uso feito de acôrdo com as disposições do parágrafo 2º desta nota.

2. Como êstes entendimentos são aceitáveis pelo Govêrno brasileiro, a nota de Vossa Excelência acima citada e esta resposta constituem um acôrdo entre os dois Governos, a partir de hoje.

Aproveito a oportunidade para renovar a Vossa Excelência os protestos da minha mais alta consideração.

ERNANI DO AMARAL PEIXOTO.

A Sua Excelência o Senhor JOHN FOSTER DULLES,
Secretário de Estado dos Estados Unidos da América.

Translation

EMBASSY OF THE UNITED STATES OF BRAZIL

18(834.6(22)) *Washington, January 16, 1957*

MR. SECRETARY OF STATE:

I have the honor to acknowledge receipt of the note of the 12th of this month, in which Your Excellency informs me that the Government of the United States of America is prepared to lend the Government of the Republic of the United States of Brazil the submarines listed below, pursuant to Law 484 of the 84th Congress of the United States of America, and therefore proposes the following agreement:

[For the English language text of the terms of the agreement see *ante*, p. 1.]

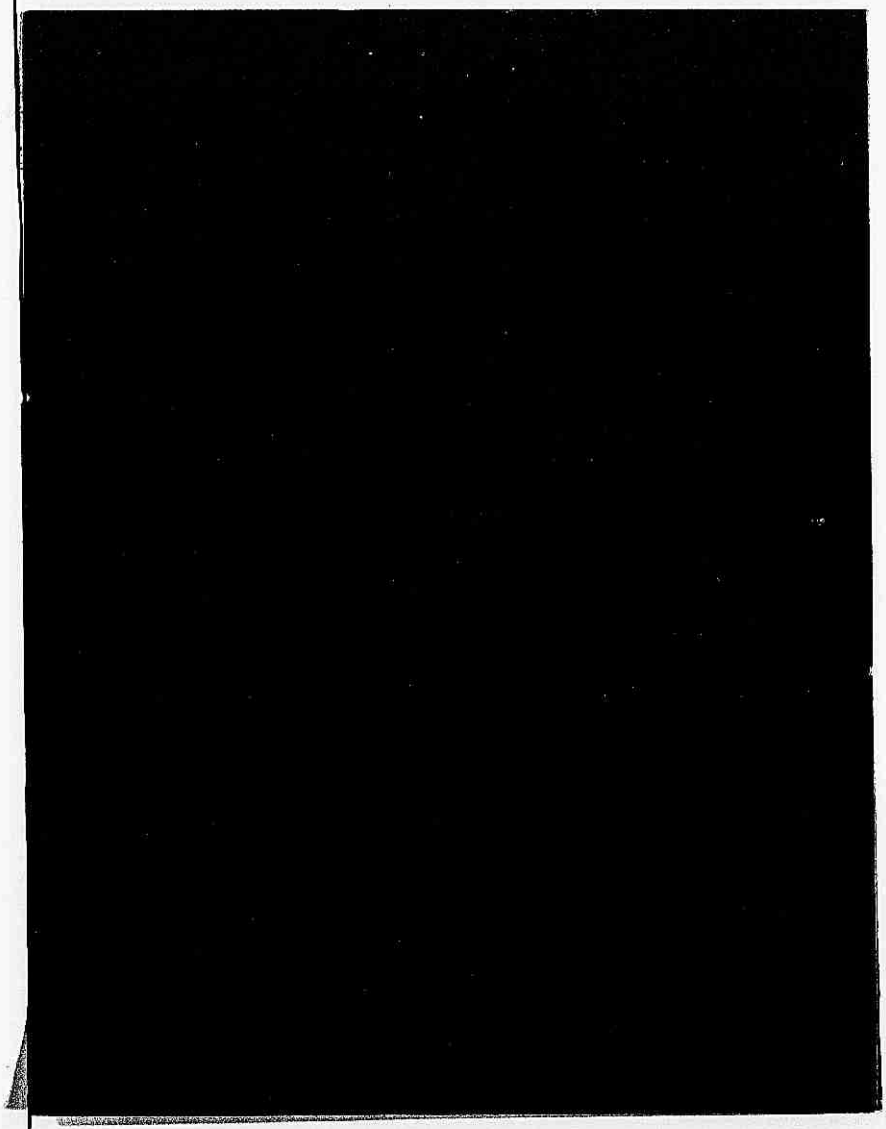
2. As these understandings are acceptable to the Brazilian Government, Your Excellency's aforementioned note and this reply shall constitute an agreement between the two Governments, effective today.

I avail myself of the opportunity to renew to Your Excellency the assurances of my highest consideration.

ERNANI DO AMARAL PEIXOTO.

His Excellency
JOHN FOSTER DULLES,
Secretary of State of the
United States of America.

U. S. GOVERNMENT PRINTING OFFICE: 1957



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1961 NOV 20 PM 3 01

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[redacted]

The Brazilian Embassy presents its compliments to the Department of State and has the honor to inform the following:

2. On January 28, 1957, the United States ceded two submarines to Brazil in pursuance of the joint plans drawn up by the two Governments for the defense and security of the Continent. The loan of these two vessels for five years was approved under the provisions of Public Law 84-484.

3. As the aforementioned period is now approaching termination, and in view of the fact that the Brazilian Navy considers the continued use of the two units to be indispensable since they are the only ones at its disposal in this class, being furthermore actually insufficient in number to fulfill operational requirements, the Brazilian Government will, in the near future, propose at the Joint Brazil-United States Military Commission an extension of the five-year period.

With most appreciative thanks to the Department of State for its kind attention in the matter, the Brazilian Embassy avails itself of the opportunity to renew the assurances of its highest consideration.

Washington, November 17, 1961.

[redacted]

Return to L/T

FEB 7 1962

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2236

MEMORANDUM OF LAW

SUBJECT: Circular 175: Proposed Ship Loan Extension Agreement with Brazil

The subject of this memorandum is an agreement proposed to be effected by an exchange of notes with Brazil for the extension of the loans of two submarines pursuant to the Agreement effected by an exchange of notes signed at Washington on January 12 and 16, 1957 (TIAS 3731) for an additional period not to exceed five years.

The authority for this extension agreement, as for the original loan, is Public Law 84-484, approved April 6, 1956, which provides, inter alia, that, after an initial period of not more than five years, the President "may, in his discretion, extend the loan for an additional period of not more than five years." Paragraph 3 of the 1957 Agreement also provides that the loan of either or both of the submarines shall be extended for such additional period of time, not to exceed five years, as the two Governments may mutually agree upon.

The Office of the General Counsel of the Department of Defense has advised this office that the Defense Department is authorized to continue these vessels available under Public Law 84-484 for the additional period.

The proposed agreement merely extends the loan of both submarines for such an additional period, subject to the terms and conditions of the basic agreement.

While no executive order has been promulgated with respect to delegation of functions under Public Law 84-484, it is evident from the provisions of the law and the legislative history that the Departments of State and Defense would carry out the functions of the President under Public Law 84-484 on his behalf. In accordance with established practice, the function of concluding international agreements with respect to such ship loan transactions was carried out by the Department of State in consequence of the inherent powers of the Department for negotiation and conclusion of executive agreements.

With respect to negotiation and signature of such agreements, the authority of the Secretary of State rests on 5 U.S.C. 156 relating to management of foreign affairs. This section provides that the Secretary

of State

UNCLASSIFIED

Ref: TIAS 3732, 5 UST 1

of State shall perform such duties relative to correspondences or negotiations with foreign public ministers as may be enjoined on or entrusted to him by the President. 5 U.S.C. 156 does not contain any requirement with respect to formalities such as written delegation or publication, as does the general delegation authority contained in 3 U.S.C. 301. Further, 3 U.S.C. 302 provides, inter alia, that section 301 "shall not be deemed to limit or derogate from any existing or inherent right of the President to delegate the performance of functions vested in him by law, and nothing herein shall be deemed to require express authorization in any case in which such an official would be presumed in law to have acted by authority or direction of the President."

It is considered that the President is authorized to and, by implication supported by legislative history of Public Law 84-484, has delegated to the Secretary of State the function of negotiating and entering into executive agreements, such as that presently proposed which implements a law approved by the President, representing functions implicit in the foreign affairs powers vested in the President by the Constitution.

In the light of the foregoing, I consider that the proposed agreement, which would not appear to affect internal United States law, may properly be entered into as an executive agreement.

John B. Rehm

John B. Rehm
Assistant Legal Adviser
for Economic Affairs

Concurrence:

L/T - Mrs. McDowell

Rehm

L/E:KEMalmborg:eb:2/5/62

PRIORITY

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(Security Classification)

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732.5611/10-2560
XR 700.5611
XR 700.2546

FOREIGN SERVICE DESPATCH

344
DESP. NO.

FROM : Amembassy RIO DE JANEIRO

TO : THE DEPARTMENT OF STATE, WASHINGTON.

October 25, 1960 XR 833.14
DATE

REF : D-1 EUR-5 INR-7

	ACTION	DEPT.
20 Per Dept. Use Only	S/AE-4	RM/R-2 RER-1 INR-7 E-7 ICA-11 IO-4 ARA-4 S/SA-2
	REC'D 10-29-60	INFO OTHER CIA-10 Com-10 FEC-9 HEW-5 OSD-4 ARMY-4 NAVY-4 AIR-6 USIA-70

SUBJECT:

This Document must be returned to the RMR Central Files

732.5611/10-2560

On October 12 the Brazilian press carried a report under a combined date line from Bonn, Washington, London and Paris, stating that the German and English Governments confirmed a request from the United States that secracy be imposed on the method of producing enriched uranium from ultracentrifuges. The article went on to say that a recent development by the German company, Degussa, using these instruments, would permit the production of "cheap" atomic weapons, bringing this capability to 20 or more nations within a few years.

The Brazilian press headlined this story with implications that Brazil could now produce atomic bombs with the ultracentrifuges which are now installed at the Institute of Technological Research, (IPT), University of Sao Paulo.

In view of the above, the following resume of an article in VISÃO, 21 October 1960, resulting from an interview with Prof. Ivo Jordan, Chief of the Centrifuge Section of the I.P.T., is called to your attention:

"The three centrifuges installed at the Institute were imported from Germany in 1958 and were placed in operation in March of 1959. The process of enrichment of isotopes of Uranium 235 with our instruments is expensive and consumes great quantities of energy.

"Possibly the international press refers to the method utilized by the German Company, Degussa, for enrichment of Uranium 235. Their centrifuge, which represents an improvement over ours, may make possible the cheaper production of atomic arms.

"Our centrifuges are designed and intended only for research and training purposes."

For information - no action requested

DAA

SPECIAL ASSISTANT TO THE SECRETARY S/AE NOV 3 1960 AM PM 7,8,9,10,11,12,1,2,3,4,5,6

RM/R Jul 10 11/7

FILED NOV 10 1960

HWells:ch

REPORTER

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The president of Brazil's Nuclear Energy Commission, Admiral Cunha, has made repeated statements that Brazil has no intention (and no capability) of producing atomic bombs and that its interests are exclusively in peaceful applications. However, the fact that Brazil is acquiring experience and training scientists in centrifuge techniques may be of long-range significance.

For the Ambassador:

H. W. Wells
Scientific Attaché

Copies sent to:
All Consulates in Brazil
Amembassy VIENNA
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Amembassy LONDON
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All Latin American Embassies

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INCOMING TELEGRAM *Department of State*

1962 APR 4 AM 6 02

44-43
Action

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Control: 1718
Rec'd: April 4, 1962
12:52 a.m.

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FROM: USAIRA RIO DE JANEIRO BRAZIL

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TO: Secretary of State

NO: 031935Z, April (Air Force Message)

732.5612/4-362

JUN 1962

FILE

Air Force Alert

ACTION CSAF, STATE DEPARTMENT, NASA, INFORMATION 1127 USAF FAC FT BELVOIR, CINCARIB QUARRY HTS, CAIRB ALBROOK AFB, AMFTO PAFB.

RMR

(TDTG 021600Z) THIS IS A JOINT MESSAGE FROM SCIENTIFIC ATTACHE AND AIR ATTACHE. J-1. USAF FOR AFCIN.

Numerous efforts during week 25-31 March indicate metal fragments have been recovered from wide area in southern part of state of Minas Gerais and northern part of state of Rio de Janeiro. Coordinates of area follows: 2105 south 4325 west; 2135 south 4330 west; 2200 south 4200 west. Pieces are reported to have fallen from a fallen object from sky over Brazil. At present time five different pieces of metal have been recovered; four are in hands of Brazilian Air Force; one in hands of Brazilian National Research Council. AIRA and Scientific Attache of US Embassy have seen fragments and have been assured by officials that pieces can be made available to US.

One piece approximately 15 inches by 1/8 inches fell in vicinity of Bicas, Minas Gerais 4320 west 2130 south. This carried following stenciled lettering: 27-61047; canister; radio beacon; Model II. According to accounts of eye witnesses given BAF this piece along with several others fell approximately 2300Z, 27 February. Metal is very thin, less than 1/16 inches and scorched. Of other three pieces one seemed to be of same thickness and other two were a little heavier. All pieces were spot welded, and welded seams were intact with irregular tears over metal surface. Other pieces were even larger than one with stenciled lettering.

(1)

Unconfirmed

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732.5612/4-362

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ACTION ASSIGNED TO:	ACTION TAKEN: Tel to Rio	
NAME OF OFFICER & OFFICE SYMBOL: REA/7 Russell	DATE OF ACTION: 4/4/62	DIRECTIONS TO RM/R: Del

1113

-2- 031935Z, April (Air Force Message) from USAIRA RIO DE JANEIRO BRAZIL

Unconfirmed report indicates larger fragment was found in general area of 2105 south 4325 west. This fragment reported to be magnetized object weight approximately 200 pounds. It is understood that fragment is being turned over Brazilian Armed Forces. No other confirmation available; however, arrangements have been made to examine object as soon as possible.

Eye witness number one saw an object approximately 2300Z, 27 February traveling west to east leaving flaming trail. Then object exploded and broke into two pieces. Front part went forward and rear part dropped. Witness heard two explosions.

Eye witness number two heard three explosions between 2230Z and 2300Z, 27 February. He saw a flash of light from above, then heard a strange noise, then saw a blazing trail which went out of sight or flame disappeared. Did not see it further.

Eye witness number three heard three explosions at approximately 2300Z, 27 February and found pieces 28 February. He did not attach any connection between pieces and explosions. Not knowing what to do with pieces he held several days. Later turned over to Brazilian Army.

Comment:

1. Inspection by Scientific Attache and Air Attache general nature of comments of eye witnesses. Marking and number, which are easily identifiable, strongly indicate that original object was of US origin. Items were definitely scorched and irregular shape indicates that fracture by explosion did occur.

2. Cooperation with Brazilian Army, Brazilian Air Force, Brazilian National Research Council and US Army Attache outstanding. Considerable interest displayed by press, Government officials, and military authorities; no apparent political repercussion as of this time.

3. If our assumptions are correct about US origin, we are surprised that Embassy was not informed of possibility that object

1114

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-3- 031935Z, April (Air Force Message) from USAIRA RIO DE JANEIRO BRAZIL

object might fall on Brazilian territory. Embassy has immediate obligation to explain this occurence; therefore, request reply soonest. This message coordinated with Charge d'Apos Affaires.

SCP-3.

kea:l

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Action

SECRET

Flight Test Research Wright Patterson AFB

Control: 3489
Rec'd: April 5, 1962
7:25 p.m.

1962 APR 6 AM 6 09

ACTION: KOTT 001
INFO:
RM/R FILES

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FROM: FTD WPAFB

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TO: Secretary of State

NO: 051350Z, APRIL (AIR FORCE MESSAGE)

732.5612

PRIORITY

ACTION AFMTC PATRICK AFB, INFORMATION HED USAF, CINCONAD, STATE DEPARTMENT, USAIRA RIO DE JANEIRO, NASA, 1127TH USAF FAG FT BELVOIR VA, CINCARIB QUARRY HTS, CAIRB ALBROOK AFB, AFSC ANDREWS AFB.

TD-A 5-4-77

ACTION AFMTC FOR DFT, LT COL PAYNE. REFERENCE IS MADE TO MESSAGE, CITE J-1, FROM THE U. S. AIR ATTACHE RIO DE JANEIRO BRAZIL AND RELAYED TO FTD AND AFMTC BY HQ USAF WASH DC. THIS MESSAGE IN TWO PARTS. PART ONE. FTD'S INITIAL EVALUATION IS AS FOLLOWS: EVIDENCE GIVEN BY TWX FROM USAIRA BRAZIL DOES NOT SUGGEST THAT OBJECTS FOUND ARE FROM FOREIGN (SOVIET) ORIGIN. IT IS NOTED THAT APPARENT DATE OF "FALL OUT" IS GIVEN AS 27 FEB. IF THIS DATE IS CORRECT IT DOES NOT CORRELATE WITH ANY KNOWN SOVIET OR OTHER FOREIGN MISSILE OR SPACE ACTIVITY. IT IS RECALLED THAT THE LAST SUCCESSFUL SOVIET SPACE EVENT WAS SPUTNIK XIII ON 16 MAR. THE ONE PREVIOUS TO THAT WAS VOSTOK II ON 6 AUG 1961. THREE POSSIBLE INTERMEDIATE ATTEMPTS ON 11 DEC (TTMTR), 27 OCT (KYMTR) AND 21 DEC (KYMTR) FAILED TO ACHIEVE ORBIT. THE NEAREST ICBM LAUNCHES IN POINT OF TIME WERE THE EVENTS OF 25 JAN AND MAR 1962. PART TWO. FTD REQUESTS THE DFT, AFMTC TAKE THE NECESSARY ACTION TO WORK WITH THE USAIRA BRAZIL TO ACQUIRE AND EVALUATE METAL FRAGMENTS WHICH HAVE BEEN RECOVERED. IT IS REQUESTED THAT FTD BE ADVISED OF ACTION TAKEN. SCP-3.

(1)

Declassified by RM/R Date 9/11/76
Declassified by [illegible] Name

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AIR FORCE

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OCT 22 9 22 AM '62

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ACTION ASSIGNED TO:	ACTION TAKEN	
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

1116

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INCOMING TELEGRAM *Department of State* ACTION COPY PERMANENT RECORD COPY

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Action

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CONFIDENTIAL

Control: 4763
Rec'd: April 7, 1962
6:51 AM

Air Force Dept.

FROM: CINCNORAD

TO: Secretary of State

NO: DTG Ø622192 APRIL (AIR FORCE MESSAGE)

ACTION FTD WPAFB OHIO; INFORMATION COFS USAF, DIA, AFMTC PATRICK AFB, STATE DEPARTMENT, NASA, 1127 USAF FAG FT BELVOIR VA, CINCARIB, CAIRB ALBROOK AFB

FROM NITA-S X14Ø.

732.5612

ATTENTION: COL STROLL, USAF.

REFERENCE IS MADE TO MESSAGE FROM USAIRA RIO DE JANEIRO, BRAZIL, TO CHIEF OF STAFF AIR FORCE, DTG Ø216ØØZ. A COMPUTER SEARCH BY NORAD SPADATS REVEALS THE UNIDENTIFIED SPACE OBJECT (USO) DECAY NOTED IN REFERENCED MESSAGE CANNOT BE EQUATED TO ANY KNOWN DECAY OF UNITED STATES SPACE OBJECT ON OR ABOUT 27 FEBRUARY. IT IS POSSIBLE THAT SUBJECT USO COULD BE RELATED TO A UNITED STATES DEEP SPACE PROBE OR VERTICAL FIRING WHEREIN SPADATS HAS NO KNOWLEDGE OF TRAJECTORY DATA. REQUEST THIS HEADQUARTERS BE ADVISED OF IDENTIFICATION OF OBJECTS.

SCP-3.

JVC

732.5612/4-662

FILED

JUN - 1 1962

SPECIAL ASSISTANT TO THE SECRETARY S/AE RECEIVED APR 7 1962 A.M. 7 8 9 10 11 12 1 2 3 4 5 6 P.M.

Interdepartmental by RMJR

(1)

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CONFIDENTIAL

ACTION ASSIGNED TO:	> AE	ACTION TAKEN	NOTED		
NAME OF OFFICER & OFFICE SYMBOL	S/AE - Dillon	DATE OF ACTION	4/9/62	DIRECTIONS TO RM/R	FILE

1117

(6)

ACTION COPY

INCOMING TELEGRAM *Department of State* PERMANENT RECORD COPY

43-48
Action
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INR
RMR

CONFIDENTIAL

NUMBERED
Control: 6852
Rec'd: APRIL 11,1962
4:20 a.m. AM 44

ACTION: REXT
INFO:
RM/R FILES

FROM: USAIRA RIO DE JANEIRO

TO: Secretary of State

NO: C-13,101920Z April (Air Force Message)

PRIORITY

ACTION NASA LAUNCH OPNS CTR COCOA BEACH FLA, INFORMATION DEPARTMENT OF STATE, CSAF WASHINGTON DC, NASA WASHINGTON DC, CINCARIB, CAIRC ALBROOK AFB, AFMTC PATRICK AFB, ACSI DA WASHINGTON DC, 1127 USAF FAG FT BELVOIR VA.

USAF FOR AFCIN COCOA BEACH FOR KURT DEBUS

Reference: Our J-1 and state message 2847 dated 4 April.

Message in four parts.

Paragraph one. Reference state message quoted for information all.

"Reference: USAIRA Telono. US unable determine origin fragments until examination. Embassy requested arrange shipment by air all recovered fragments to TR. Kurt Debus, NASA Launch Operations Center, Cocoa Beach, Florida. After examination and indentification full report will be transmitted Embassy. SGD Rusk.

Part two. Brazilian Air Force and Brazilian National Space Agency have delivered five fragments to this office for examination by US Technical Agencies and request report regarding their origin.

Part three. Reported 200 pound magnetized fragment has not been found. Search continues but we doubt existence of piece this size.

Part four. Per state message quoted above five metal fragments being packed for air shipment to you via MATS departing Rio

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ACTION ASSIGNED TO: RB/14	ACTION TAKEN CONFIDENTIAL	
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

Air Force dept.

Ltr/tlr Mr. Dillery NASA requested advise Kurt Debus - Cocoa Beach

FILED

1118

(6)

INCOMING TELEGRAM *Department of State* ACTION COPY PERMANENT RECORD

47-W
Action

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Info

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RMR

CONFIDENTIAL

Control: 15335
Rec'd: April 24, 1962
12:12 a.m.

FROM: HQ USAF WASH DC

TO: Secretary of State 732.5612

NO: 232240Z APRIL (AIR FORCE MESSAGE)

RECEIVED
APR 24 1962
P.M.

INFORMATION DEPARTMENT OF STATE (S-AE) ATTENTION MR EDWARD DILLERY WASHDC

INFORMATION NASA/(MLO) ATTENTION MR GENE ACCO WASHDC

HQ USAF PASSES FOLG MSG PER REQUEST OF MR RALPH N SECHRIST (SSV). DTG 2018242. "FM AFMTC PATRICK AFB FLA TO HQ ASAF WASH DC. INFO AFSC ANDREWS AFB MD. MTORP-2 SP 20-4-32. ACTION USAF FOR AFSSD-RS (COL HEYROTH). INFO AFSC FOR SCF. THIS MSG IN TWO PARTS. PART I. AT 1600Z ON 18 APRIL, REPS FROM SPACE BOOSTER BRANCHES OF 6555 AEROSPACE TEST WG AND NASA EXAMINED THE FIVE PIECES OF DEBRIS RECOVERED FROM BRAZIL. THEY WERE IDENTIFIED AS TANK SECTIONS FROM AN ATLAS MSL. THE LETTERS CVA (CONVAIR ASTRONAUTICS) STAMPED IN A CIRCULAR PATTERN WERE READILY DISCERNIBLE PLUS THE STENCILLED WORDS "RADIO BEACON-MOD II IP" WITH A DRAWING NBR. BOTH ITEMS OF LETTERING NBRS APPEARED ON MOST OF THE ATLAS BOOSTERS LAUNCHED AT AMR AND EXTENSIVE INSPECTION BY 6555 ATW, NASA AND CONVAIR HAS FAILED TO PRODUCE POSITIVE CLUES AS TO WHICH MSL IT WAS. WE FEEL STRONGLY THAT THE DEBRIS CAME FROM EITHER MA-4 OR MA-5. NEITHER THE 6555 ATW NOR NASA-LOD HAS FURTHER NEED FOR THESE ITEMS. THE DEBRIS HAS BEEN PLACED IN BONDED STORAGE AT CCMTA AWAITING YOUR DISPOSITION INSTRUCTIONS. PART II. WE UNDERSTAND THERE IS STILL A LARGE PIECE ESTIMATED AT 200 LBS IN BRAZIL. REQ PHOTOGRAPHS OF THIS PIECE BE FWDED TO MTOR FOR EXAMINATION. SCP-4."

MRJ

(1)

Air Force Dept.

732.5612/4-2362

FILED JUN - 1962

microfilmed by RMOR

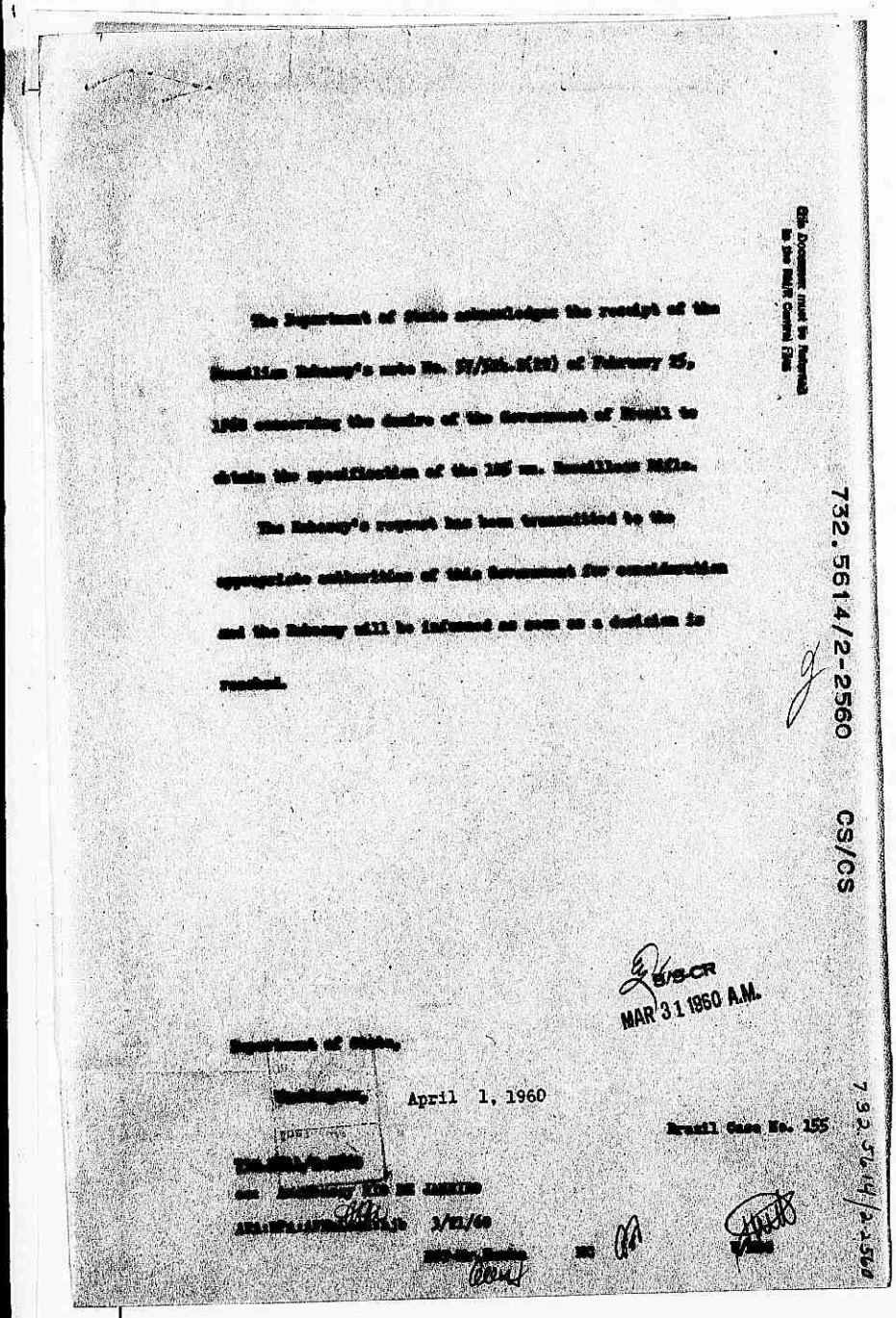
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ACTION ASSIGNED TO: S/AE	ACTION TAKEN: TELEGRAM SENT TO RIO DE JANEIRO
NAME OF OFFICER & OFFICE SYMBOL: DILLERY - S/AE	DATE OF ACTION: 4/27/62
	DIRECTIONS TO RM/R: FILE

1119



732.5614/2-2560 CS/CS

MAR 31 1960 A.M.

Department of State,

Washington, April 1, 1960

Brazil Case No. 155

ACTION
is assigned to
ARA

COPIES REC'D ARA
NUMBERED

1960 FEB 25 1960 FEB 26 AM 9 36

57/524.2(22)

ACTION: RPAS
INFO:
RM/R FILES file ARA

The Brazilian Embassy presents its compliments to the Department of State and requests the Department's good offices with the proper authorities towards securing to the Brazilian Government, under the provisions of the Mutual Defense Assistance Act of 1954, Section 106, Public Law 665 and Paragraph 2a (2) SR 795-200-4, the following:

- Specifications for 105mm Recoilless Rifle,

BCW X 3	BBH X 1	BCK X 2.4
URA X 6	BBS X 4	BCL X 1.9
BAN X 1.1	BBW X 1	BCN X 2.4
BAN X 2.1	BCB X 3.1	BCT X 1.1
BBD X 2	BCG X 1.9	BCT X 2.2
BCV X 4.18	BCW X 1.1	BCX X 3.1
BEB X 1.1	BEF X 1	BFC X 2
BFE X 1	BFF X 1	BFK X 1
BFW X 1	BMG X 1.14	BMN X 1
BNA X 5	CLD X 6	CLH X 1

With anticipated thanks for the Department's courtesy in the matter, the Brazilian Embassy renews the assurance of its highest consideration.

Washington, February 25, 1960.

FILED
APR-6 1960

732.5314/2-2550 CS/E

732.56/4-660

FAG/zw

386126

1121

March 29, 1960

Brazil Case No. 155

MEMORANDUM FOR: Director, Office of Military Assistance
Office of the Assistant Secretary of Defense (ISA)

SUBJECT: Request from the Brazilian Government for Specifications and Drawings of the 105 mm. Recoilless Rifle.

The Department of State has received note No. 57/52h.2(22) dated February 5, 1960, three copies of which are enclosed, from the Brazilian Government requesting the following specifications and drawings for the 105 mm. Recoilless Rifle:

[redacted] X 2	[redacted] X 1	[redacted] X 2.4
[redacted] X 6	[redacted] X 4	[redacted] X 1.9
[redacted] X 1.1	[redacted] X 1	[redacted] X 2.4
[redacted] X 2.1	[redacted] X 3.1	[redacted] X 1.1
[redacted] X 2	[redacted] X 1.9	[redacted] X 2.2
[redacted] X 4.18	[redacted] X 1.1	[redacted] X 3.1
[redacted] X 1.1	[redacted] X 1	[redacted] X 2
[redacted] X 1	[redacted] X 1	[redacted] X 2
[redacted] X 1	[redacted] X 1.4	[redacted] X 1
[redacted] X 1	[redacted] X 6	[redacted] X 1

The Department of State approves, from an economic and political point of view, the granting of this request under the legislative authority of Section 106 of the Mutual Security Act of 1954, as amended. This approval is subject to any patent or proprietary rights and security considerations that apply to the specified material or services, as may be subsequently determined by the Department of Defense.

Jacob J. Kaplan
Assistant Coordinator
for Programming

Enclosures:

Three copies of
Brazilian note
No. 57/52h.2(22)
of February 5, 1960.

732.5614/3-2960 CS/CS

732.5614/3-2960

MAR 31 1960 AM

cc: Ambassador [redacted] RIO DE JANEIRO
AREA:[redacted] 3/21/60

1122

This Document must be Numbered
to the RIMR Central Files

732.5614/6-260 CS/CS

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June 15, 1960

S/S-CR
JUN 15 1960 P.M.

1123

JUN 14 1960

[redacted]

This Document must be Returned to the RAIR Central Files

732.5614/6-260 CS/CS

732.5614/6-260

[redacted]

cc: [redacted]

[redacted] 6/8/60

RK/R

Sub: 45

Ltr

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1124

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1960 JUN 6 PM 2 08

164/524.2(22)

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file AFM

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The Brazilian Embassy presents its compliments to the Department of State and requests the Department's good offices with the proper authorities towards securing to the Brazilian Government, under the provisions of the Mutual Defense Assistance Act of 1954, Section 106, Public Law 665 and Paragraph 2a (2) SR 795-200-4, the following:

- Eight (8) Garand Rifles, cal.30 M1
(latest model)

With anticipated thanks for the Department's courtesy in the matter, the Brazilian Embassy renew the assurances of its highest consideration.

Washington, June 2, 1960.

732.5614/6-260 CS/W

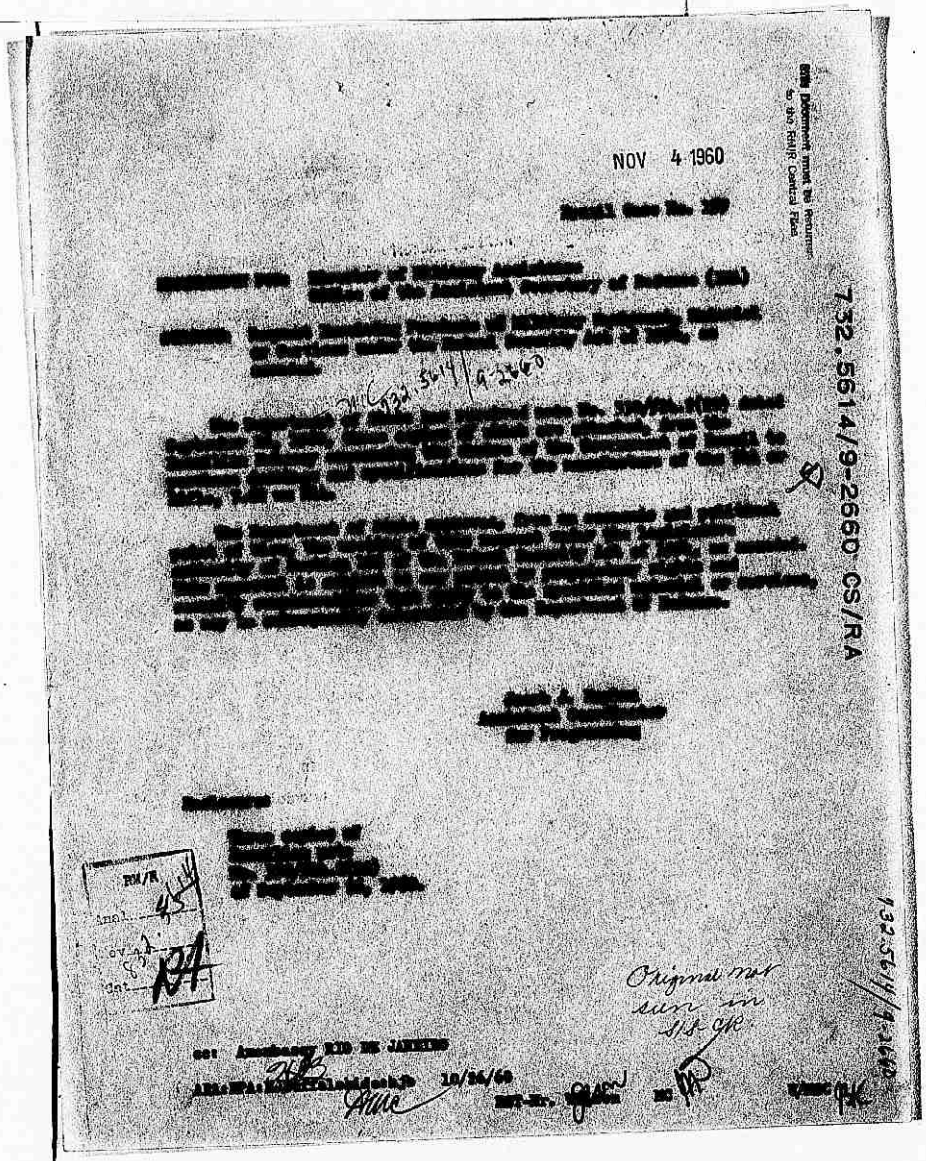
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NOV 4 1960

732.5614/9-2660 CS/RA

732.5614/9-2660

Original not seen in S/S-OR

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Amal

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Dat

cc: Ambassador RIO DE JANEIRO

ARA:WHA:

10/26/60

1126

Department of State
FORM DS-4
1-3-55

TRANSMITTAL SLIP

CLASSIFICATION: UNCLASSIFIED

DATE: October 6, 1960

TO: U/MSC Deputy Coordinator of Mutual Security

For the Attention of

FROM: J. Harold Darby, Arms Traffic Division

TO THE FOREIGN SERVICE	TO THE DEPARTMENT
☐ For Transmittal to Addressee at the Discretion of Post	☐ Dept. Information Only
☐ Post Information Only	☐ CERP Publications
☐ Transmit to Foreign Office	☐ Enclosure to Previous Despatch
☐ Submit Report	☐ Reply to Dept. Request
☐ Reply to the Individual	

☐ Transmit to: (U.S. Agency)
☐ Inform:

REFERENCE

ITEMS/REMARKS

Attached is a note from the Brazilian Embassy, dated September 26, 1960,

IN REPLY REFER TO FILE NUMBER AND DRAFTING OFFICE

FILE NO.	SIGNATURE: J. Harold Darby
CLASSIFICATION: UNCLASSIFIED	OFFICE: Munitions Control

F.N. 732.5611/9-2660

1127

TIONS CONTROL

1960

T OF STATE

RPA/S 10/20/60 file

330/524.2(22)

OFFICE OF MUNITIONS CONTROL

SEP 2 9 1960

DEPARTMENT OF STATE

732.5614/9-2660

XR 732.5-MSP

The Brazilian Embassy presents its compliments to the Department of State and requests the Department's good offices with the proper authorities towards securing to the Brazilian Government, under the provisions of the Mutual Defense Assistance Act of 1954, Section 106, Public Law 665 and Paragraph 2a (2) SR 795-200-4, the following:

- T44 or Rifle, 7.62mm M14.

With anticipated thanks for the Department's courtesy in the matter, the Brazilian Embassy renews the assurances of its highest consideration.

Washington, September 26, 1960.

CMB

FAG/csm

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NOV 21 1960

Per telephone call from Mrs. Clay in defense (x-76221) the Brazilians indicated that drawings and specifications for the subject rifle are desired. RPB

732.5614/9-2660

1128

This Document must be Returned to the RMIR Central Files

732.5614/9-2660 CS/CS

The Department of State acknowledges the receipt of note No. [illegible] dated September 26, 1960, from the Brazilian Embassy concerning the desire of the Government of Brazil to purchase drawings and specifications for the construction of the 6th or 7th, 7.5 cm. Rifle.

The Embassy's request is being considered by the appropriate authorities of this Government and the Embassy will be informed as soon as a decision is reached.

RA/R
Final 45

Department of State,
Washington, November 8, 1960

Ch/Lta
Mr. de Jarnes

B/S-CR
NOV 9 1960 P.M.

732.5614/9-2660

Bromley Smith No. 359

1129

ACTION
Is assigned to
AAH

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NUMBERED

1961 MAR 10 AM 9 14

ACTION: RPAS
INFO:
RM/R FILES

68/524.2(22)

The Brazilian Embassy presents its compliments to the Department of State and with further reference to the Embassy's note no 330/524.2(22), of September 26, 1960, requests the Department's good offices with the proper authorities towards securing to the Brazilian Government, under the provisions of the Mutual Defense Assistance Act of 1954, Section 106, Public Law 665 and Paragraph 2S(2)SR-795-200-4, the following:

732.5611/4-1361

6 each Rifle M-14

2. The weapons in question are to be used as models for the studies that are being made for their manufacture in Brazil according to conversations that have taken place, recently, between the Brazilian Military Commission in Washington and the proper military authorities of the United Sates Government.

With anticipated thanks for the Department's courtesy in the matter, the Brazilian Embassy renews the assurances of its highest consideration.

Washington, March 8, 1961.

FILED
APR 14 1961

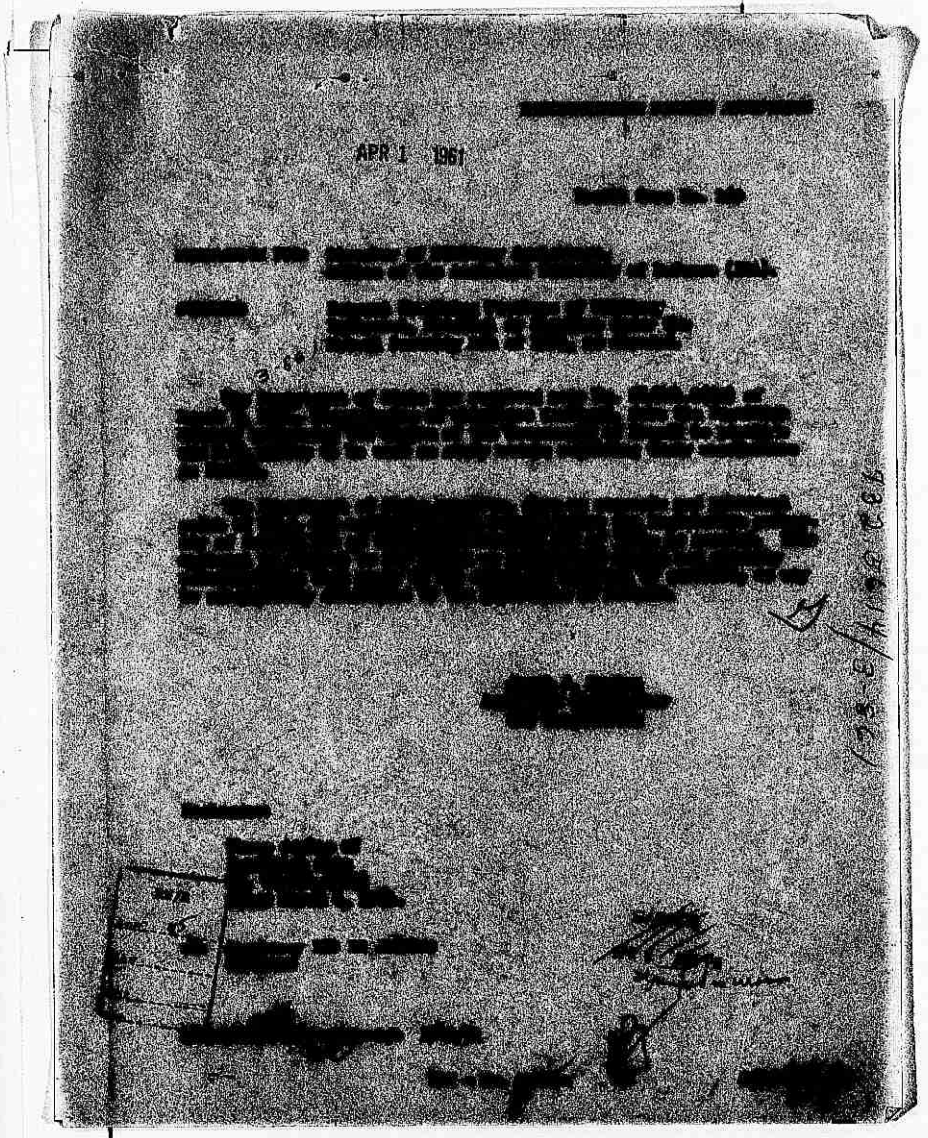
FAG/zw

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[redacted]

[redacted]

[redacted]


APR 1 1961

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38
Action ARA
Info SP L INR UMSC IRC RMR

Control: 4578
Rec'd JAN 9 Januarv 9, 1960
2:11 a.m.

FROM: CHNAVMIS Brazil

TO: Secretary of State

NO: DTG 081809Z January (Navy Message)

SENT CNO; REPEATED INFORMATION COMANTRESELT, COMSOLANT, COMFIAGRU, NAVCOMMSTA, COM 15, CINCARIB, BUSHIPS, BUDOCKS, BUSANDA, ALUSNA RIO DE JANEIRO, AMEMBASSY RIO DE JANEIRO, DEPARTMENT STATE, OSD/ISA

Your 041903Z December and my 111745Z December both NOTAL

Proposal cleared with US Ambassador. Navy Minister accepts offer enthusiastically. Loan of this drydock will significantly strengthen both US and Brazilian anti-submarine warfare capability in the South Atlantic. Through liaison of their Naval Attache Washington Brazilians will arrange with you for inspection and preparation regard transfer and tow. What procedural steps should I take here to speed Brazil's taking custody? If acceptable Brazilians would prefer transfer prior formal agreement.

EWH:11

Called Cond. Floyd
Approved party Navy
Package to Brazil Navy to
Navy Connection
No action necessary

CLASSIFIED FILE

732.5621/1-860

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NUMBERED

1960 JUL 11 AM 8 05

Washington, July 8, 1960.

ACTION: ARA

INFO:

RM/R FILES file ARA

RM/R file

SECRET

203/534.0(22)

2 RECEIVED DEPARTMENT OF STATE 1960 JUL 8 PM 4 40

RM/R CORRESPONDENCE BRANCH

Excellency:

Amb. has appointed Reply to Change

In compliance with formal and urgent instructions which I have received from my Government, I have the honor to submit the following for Your Excellency's consideration:

a) The Brazilian Navy, in consequence of military commitments of an international nature, will be obligated, in the event of another world conflict, to defend maritime communications over an extended zone of operations embracing our entire seaboard as well as a sea lane between the Northeast of Brazil and the nearest point thereto on the African continent;

b) For the execution of the aforementioned task it has been decided upon and set forth in a recommendation under the terms of the Military Assistance Agreement signed by the Governments of Brazil and of the United States of America and of the Mutual Defense Plan subsequent thereto, that the Brazilian Navy should need, besides the surface vessels, a minimum of four submarines supplied by the United States of America;

c) Two submarines have been transferred already from the U.S. Navy to the Brazilian Navy, in January 1957 and ever since are being employed continuously in operations connected with the training of the Brazilian Navy ships in anti-submarine warfare;

d) The number of surface ships of the Brazilian Navy that could be employed if an emergency arises, in the protection of the Merchant Traffic in the South Atlantic, is already out of proportion for two submarines.

732.5621/7-160

CLASSIFIED FILE

FILED AUG 1 6 1960

392575

His Excellency Christian A. Herter,

Secretary of State of the United States of America.

1134

submarines;

Considering that by December of this year, the Brazilian Navy will have four more ships ex-Fletcher class destroyers, from the U.S. Navy, operating under the Brazilian Flag, the two submarines we have now cannot provide the necessary support for the maintenance of the efficiency of the surface ships crews in anti-submarine warfare.

e) In view of the facts indicated above, officials of the Brazilian Navy have taken all the opportunities to communicate with officials of the U.S. Navy, that if it would be possible the transfer to Brazil of two more submarines of the U.S. Navy, under conditions to be stipulated in due course, and in accord with the terms of the Military Agreement in force, the Brazilian Navy would be in a better position to fulfill its international commitments;

2. Under the conditions, I venture to inform Your Excellency officially that it is the desire of the Brazilian Government, in its awareness of the responsibilities devolving upon it in the South Atlantic, and in the interests of military cooperation with the United States of America, to obtain the transfer to its flag of two submarines.

3. I should greatly appreciate Your Excellency's good offices with the authorities of the Department of Defense with a view to securing their favorable consideration of the present request, the integral granting of which is held by the Brazilian Government to be of vital importance for its naval program.

Accept, Excellency, the renewed assurances of my highest consideration.

Wlwwwwww

MGC's

1135

FROM AND TYPE OF DOCUMENT: EMBASSY OF BRAZIL	DATE DUE
	DATE REC'D: 7/11/60
DATE: 7/1/60 — FILED	NO.: 392575

SUBJECT: RE. REQUEST FOR NAVAL VESSELS

TO:	TO:	TO:	TO:
RPA/S	EST/B	L	
DATE: 7/1160	DATE: 8/2	DATE	DATE

ANSWERED: note 8/1/60 AFM — NO REPLY NECESSARY

1136

[redacted] this document consists of 3 pages
No. 3 of 7 copies, series A

839571

August 5, 1960

REGISTERED

732.56221/7-160

Excellency:

I have the honor to acknowledge the receipt of your note No. 203/31.0(22) dated July 1, 1960, concerning the desire of the Government of Brazil to have two additional submarines from the United States Navy transferred to the fleet in order that the Brazilian Navy can better carry out the international commitments of a military nature.

Your Excellency's request has been referred to the appropriate authorities of this Government for study and consideration.

Accept, Excellency, the renewed expressions of my highest consideration.

For the Secretary of State:

L. D. MALLORY

His Excellency

Ambassador Extraordinary and Plenipotentiary,

Brazilian Embassy.

[redacted]

ARA:RTA:APFeLeonhart 8/1/60

[redacted] EST-Mr. Hamberger

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732.5621/7-160
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B/S-CR
AUG 3 1960 A.M.
S-29,761V
8/4/60
S-939137

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732.56221/7-160

[redacted]
Encl. 28
Rev.
Cat. Unclass

1137

AIR POUCH
PRIORITY

CONFIDENTIAL
(Security Classification)

DO NOT TYPE IN THIS SPACE
732.5621/7-1160
XR 732.5621
XR 732.5

FOREIGN SERVICE DESPATCH

FROM : Amembassy, Rio de Janeiro

22
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

July 11, 1960
DATE

REF :

JUL 11 1960 JUL 13 1960

	ACTION	DEPT.
20 For Dept. Use Only	ARA-4	
	REC'D 7-19-60	INFO OTHER CIA-10 NSA-2 OSD-4 ARMY-4 NAVY-10

DEPARTMENT OF STATE
BUREAU OF
AMERICAN AFFAIRS
JUL 19 1960
File
RM/R file

SUBJECT: Brazilian Air Force and Navy Quarrel over Manning of Carrier Minas Gerais

(1)

SUMMARY

The Navy-Air Force quarrel over the issue of whether the Air Force or the Navy is to control the embarked aviation assigned to the aircraft carrier Minas Gerais has again come to public notice on the heels of bitter infighting between the Ministers of Navy and Air over MAP training in the United States which had until the past several weeks escaped public notice.§ The surfacing of this hitherto closely contained argument was precipitated by the anticipated early delivery of the Minas Gerais to the Brazilian Navy, the refusal recently of Brazilian Naval Officers to permit a visit of Air Force colleagues to the carrier now in a Dutch shipyard, and the increasingly acute question of training of air and naval personnel for the carrier. Efforts of the United States to maintain neutrality in the dispute have been only partially successful and probably cannot be wholly so until President Kubitschek, who to date has avoided the problem because of the complicated political factors involved, reaches a decision. This may come about in the near future, but the President may still try to leave the thorny problem to his successor.

First public indication that all was not well between the Brazilian Navy and Air Force came when an enterprising Brasilia reporter of Ultima Hora learned of the Navy Minister's energetic protest to the President against permission which had been granted (under the President's signature) for Brazilian Air Force (FAB) officers to proceed to the United States to take possession of a small number of training planes purchased by FAB which had apparently been adapted with landing hooks to make them suitable for air carrier training. The Navy Minister considered this a breach of a recent Presidential edict that no further training would be approved for either service pending solution of the basic issue of which service is to control aircraft on the carrier Minas Gerais. In addition to

§ See notably Minutes of Military Meetings enclosed with Despatches 798 of February 12 (Item 4), 1042 of April 28 (Item 1), and 1162 of May 24 (Item 5).

732.5621/7-1160 HBS CLASSIFIED FILE

PRaine/GPhelan/jhm
REPORTER

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his protest to the President, which became public knowledge, the Minister also prevailed upon Foreign Minister Lafer to protest to the Chargé d'Affaires ad interim against the alleged pro-FAB bias of the U.S. element of JBUSMC in this matter (a protest which the Foreign Minister subsequently acknowledged to the Chargé to have been unfounded). These demarches were not made public but the feverish movement of high ranking officers of the two services and the Armed Forces General Staff, (Estado Maior das Forças Armadas-EMFA) in and between Rio de Janeiro and Brasilia could not be kept from public view and it became generally known that the issue was joined.

The Navy has been more successful than the Air Force in promoting press support for its position, partly because the Air Minister issued strict orders to his officers against talking, with the result that aspects of the problem favorable to FAB received little attention during the height of the polemics. A subsequent statement made known the Ministry's official position.§

The press early became aware that the larger issue awaited a solution by the President which would be reached on the basis of recommendations to be made by EMFA, and editorials in most of the press, notably the opposition papers, called for an early decision which would give the Navy full control of the carrier planes. EMFA recommendations, apparently leaked to the press by Navy sources, presented three alternatives to the President: (1) the carrier planes could be piloted by specialized Naval officers; (2) the planes could be piloted by FAB officers under direct Naval command; and (3) a Naval Air arm could be created. Naval sources confirm the recommendations although it is not clear under which of several

§In a communiqué issued July 2, which inter alia stated:
"(a) The Air Ministry has faithfully complied with the standards and principles contained in the Doctrine of Cooperation approved and in force for the armed forces.
"(b) The Air Ministry will conform, as it could not fail to do, to any modification which may be made in said Doctrine so long as it may be considered a contribution to national defense and approved by the competent authorities.
"(c) In the specific case of the aircraft carrier Minas Gerais in accordance with the Doctrine now in force the Brazilian Air Force is called upon to supply the carrier with planes from its First Group of Embarked Aviation created by decree, organized and fully operative with instruction on land, this group being under the orders of the ship's commander.

1139

recent Chiefs of Staff they were made. In any event JBUSMC has learned from General João Carlos Barreto, Chief of EMFA, that he had tried to settle the immediate problem on the basis of completion of anti-submarine warfare training by the Air Force and operation of the aircraft by FAB personnel until such time as a decision is reached on whether the military doctrine is to be changed. The Navy Minister has refused to accept this proposal.

In general, while there has been some sensational treatment of the disagreement as a crisis in the Armed Forces which might even lead to a government crisis, comment has been moderate and most commentators confined themselves to calling for an early decision by the President based on technical and not political considerations. A statement made on June 29 by General Barreto that the final solution would be technical and not political has helped keep the public quarrel on a moderate level.

THE ISSUES

Which service is to control the aircraft on the Minas Gerais is one issue; it is largely technical and would be easier of solution were not a serious political issue also involved. The Embassy has been aware for some time that the Navy is as much interested in the carrier Minas Gerais as an instrument of internal Brazilian politics, as it is in the vessel as a weapon for national defense. Brazilian Naval officers have seen the Minas Gerais as an important contribution to shifting the present balance of power among the three services. This point of view was confirmed to the Ambassador a few months ago by one of the highest ranking officers in the Brazilian Navy. Subsequently the thesis was openly proclaimed by conservative UDN, pro-Navy, O Estado de São Paulo in an editorial of June 25, in which it frankly admitted its steadfast support of the Navy in its efforts to increase its potential, despite being aware that increasing the Navy's strength would make no recognizable difference on the international military scene. It went on to point out that when the three services work in harmony the Armed Forces is "a State within a State" which in recent history on the whole has functioned for the good of Brazil. However, it saw a part of the Army responsible in November 1955, for "attacks on the letter and spirit of the Magna Charta." The Army, according to O Estado, has since that time demonstrated its hegemony within the Armed Forces and it has become clear that "if the Navy expected to make its power felt in an emergency, such as had taken place, it could do so only by being able to count on an Air Force whose movements could not be controlled or impeded by artillery, that is, the Army."

O Estado's interpretation of recent Brazilian history will win no more converts today than it did in 1955 and 1956. In fact its

1140

open espousal of a viewpoint largely discredited by most Brazilians may do more harm than good to the cause of the Brazilian Navy since the more vocal leftist-nationalist elements supporting the Administration, if aware that the Navy viewpoint might prevail, would now be far more likely to react so energetically as to make it difficult to settle the question on an equitable basis.

THE UNITED STATES POSITION

The United States Delegation at the Joint Brazil-United States Military Commission, in its MAAG function, has faced an exceedingly delicate situation in attempting to carry out its training functions without becoming embroiled in the Brazilian inter-service quarrel. As the Department is aware from discussions at the periodical meetings held by the Ambassador with U.S. military personnel stationed in Rio (see reference despatches), the Embassy has also been drawn into the quarrel. The Ambassador and the Chargé d'Affaires, a.i. have made every effort to encourage an impartial and single viewpoint on the part of the three sections of JBUSMC and have on several occasions clearly pointed out to Brazilian officials that the United States is interested in remaining neutral in matters of conflict of jurisdiction among the Brazilian Armed Forces. However, it has not been possible to establish this point beyond doubt in the minds of Brazilian Naval officials who have accused U.S. personnel of favoring the FAB against the Navy. What would under the best of circumstances be a difficult situation has apparently been complicated several times by the use by the Navy Minister of advisory information supplied by the Naval Mission (which is also the Naval Section of JBUSMC) in an effort to change present military doctrine. This particular problem was settled by the submission of a letter transmitting standards approved by the three sections and other steps have also been taken to avoid possible similar misunderstandings in the future. However, the matter is not likely to come out of the danger zone until the President renders a definitive and acceptable decision and relations between the American element of JBUSMC and the three Brazilian armed services become more normal.

CONCLUSION

Just what an acceptable decision might be remains to be seen since the Navy Minister, according to a reliable source, will not accept FAB officers, subject to FAB controls aboard the carrier. An Embassy officer has been informed that a decision anything short of full Naval control will bring the Minister's resignation and all ranking admirals have agreed not to accept offers to replace him should they be made. It is thus very apparent that the President is not anxious to make a pronouncement on the subject if it can

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possibly be avoided. He had, in fact, until the recent crisis, apparently encouraged both Ministers in their aspirations or at least had failed to put dampers on either's hopes. This might be understandable enough from a political point of view considering the background of his relations with the Armed Forces during the early months of his Administration, and he had apparently hoped to leave the quarrel as a legacy to his successor. The still sputtering fireworks have, however, made it almost essential to settle the problem in the near future, which however is no assurance that it will be so settled.

For the Ambassador:

Philip Raine
Counselor of Embassy
for Political Affairs

Embassy Distribution: Service Attachés, JBUSMC (3), POL (4), CF.

1142

OPTIONAL FORM NO. 10 CONFIDENTIAL

UNITED STATES GOVERNMENT

Memorandum

TO : ARA - Mr. Rubottom

THRU : RPA - Mr. Jamison

FROM : RPA/S - George O. Spencer

DATE: July 19, 1960

SUBJECT: Brazilian Request for Two Submarines

The Brazilians have submitted the attached note requesting that we provide them with two submarines. Our Navy contacts advise us that the Brazilians would agree to accept the submarines in lieu of 8 minesweepers which we are committed to rehabilitate and provide at our expense pursuant to our special agreement with Brazil. According to the Navy, the cost of rehabilitating the 2 submarines would be equivalent to the cost of rehabilitating the minesweepers, and accordingly, the substitution could be made with virtually no increase in the cost of the Brazilian program to the U.S.

Status of the LA ship loan program.

a. We have agreed to rehabilitate at our expense 2 submarines for Chile; 1 destroyer for Peru; 1 destroyer for Colombia; 2 PCE's, in lieu of 1 destroyer escort for Ecuador; overhaul of 1 Uruguayan destroyer, for Uruguay, in lieu of loan of 1 destroyer escort; 4 destroyers, for Brazil. We are thus rehabilitating at our expense all of the ships in the program we originally offered to Brazil and one-half of the ships originally offered to Chile, Peru and Colombia. Ecuador and Uruguay have elected to accept other type naval assistance, indicated above, in lieu of the ships originally offered.

b. We have made no commitment to rehabilitate, at our expense, the remaining ships originally offered to Chile (2 destroyers); Peru (1 destroyer); Colombia (1 destroyer). We have been earnestly hoping that neither of these countries would request these vessels, because the cost of rehabilitating them would be a drain on their economies and because a request by one country, e.g. Peru, would stimulate requests from the neighboring countries. While we have never decided what position we would take with respect to a request by one of the countries for the remainder of the vessels originally offered, there is no question in my mind that we should reject it, on the ground that providing the ship would set in motion another round-robin of requests for vessels none of the countries can afford to acquire. Chile, particularly, would charge that the U.S. program was contributing to an arms race at a time when Chile is seeking to employ all available economic resources for recovery from the disastrous earthquake in that country.

Arguments

CONFIDENTIAL

ARA : RPA: GOSpencer:gek

732.5621/7-1960

1143

Arguments in favor of approving the Brazilian request.

1. Out of a total of 18 ships authorized for LA by the ship loan legislation, there are sufficient on hand to enable us to provide Brazil 2 submarines and at the same time provide Chile, Peru and Colombia the additional vessels due them, if that should be necessary.

2. Providing Brazil the ships might help create the friendly atmosphere we will require in January 1962 in the event it then becomes necessary for us to renew our missiles facility agreement with Brazil. It might, in fact, have the effect of reducing the quid pro quo Brazil will most certainly seek to extract from us at that time in return for its consent to renew the agreement.

3. If we do not provide the ships prior to the lapse of the ship loan legislation on December 31, 1960, new legislation will be required to provide Brazil vessels, if Brazil should insist on receiving ships as a quid pro quo.

Arguments against approving the Brazilian request.

1. It will be much more difficult to reject a Peruvian request for additional ships if we provide Brazil 2 additional submarines rehabilitated at our expense. The loan of 2 submarines to Brazil may in fact stimulate a Peruvian request for more ships.

2. From the practical point of view, Brazil would seem to have a much greater requirement for minesweepers than for submarines.

3. We have no commitment to provide Brazil these ships.

4. It is questionable that providing Brazil the ships would significantly reduce any quid pro quo Brazil might in the future request in connection with renewal of the missiles agreement. If the Brazilians run true to form, they will seek the largest quid pro quo possible, irrespective of what we provide them in the interim.

Recommendation

That we draft a polite note to the Brazilians rejecting their request and seek to clear the note with the Pentagon. Frankly, obtaining Pentagon approval to this course of action may be difficult.

APPROVE_____

ARA:RPA:GOSpencer:glb Clearances: WST - Mr. Coerr

EST - Mr. Boonstra

DISAPPROVE_____

CONFIDENTIAL

1144

AIR POUCH-URGENT
PRIORITY

SECRET
(Security Classification)

DO NOT TYPE IN THIS SPACE
732.5621/8-860
XR 911.4032

FOREIGN SERVICE DESPATCH

FROM : Amembassy, Rio de Janeiro — 106 (DESP. NO.) — August 8, 1960 — COPY NO 1 SERIES A

TO : THE DEPARTMENT OF STATE, WASHINGTON. — DATE: AUG 8 1960

REF : Embtel 1199, Deptel 971

	ACTION	DEPT.
SS For Dept. Use Only	ARA	INFO RMA IBC E W/MSC L
	REC'D 8/12	OTHER CIA- OSD army Navy air NSA

SUBJECT: Brazilian Request for U.S. Submarines

The Embassy refers to transmittal slip of July 29, 1960, from the Officer in Charge ARA:EST/B, which attached Secret Note No. 203/534.0(22) of July 1, 1960, from the Brazilian Ambassador to the Secretary of State requesting the transfer of two additional U.S. submarines to the Brazilian Navy.

The Department may wish to give consideration to the fact that the Brazilian Government (the Embassy has been informed that the request is being held up in the Ministry of Marine) has not yet granted permission for modernizing Radio Rio in accordance with request made in memorandum to the Foreign Office of February 15, 1960, a copy of which is enclosed. The Embassy has without success periodically stressed to appropriate officials in the Foreign Office the need for an early decision on this matter. No favorable decision is likely to be rendered pending settlement to the Navy Ministry's satisfaction of the question of training for naval pilots for the carrier MINAS GERAIS (see Embassy despatch No. 22 of July 11 and Embassy despatch No. 71 of July 27).

The Department may thus wish to suggest to Brazilian authorities in Washington or instruct me to do so here, that the Radio Rio problem should be settled before taking up the matter of submarines.

John M. Cabot

Enclosure:
Memorandum to Foreign Office dated February 15, 1960.

This document consists of pages, number 1 of 1 copies, Series A.

Embassy Distribution: POL (4), CF (3), Naval Mission (1).

Copy No(s) — Destroyed in RM/R — Date

Phaine/jhm
REPORTER

SECRET

DEPARTMENT OF STATE
BUREAU OF INTER-AMERICAN AFFAIRS
AUG 17 1960

ACTION ASSIGNED TO: NAME OF OFFICER & OFFICE SYMBOL	ACTION TAKEN DATE OF ACTION	DIRECTIONS TO RM/R

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The action office must return this permanent record copy to RM/R files with an endorsement of action taken.

732.5621/8-860 HBS

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1145

SECRET

M E M O R A N D U M

The radio transmitting and receiving facility known as Radio Rio which has been operated in Rio de Janeiro by the United States Navy since 1942 under verbal understandings and in accordance with Article VI of the Secret Political-Military Treaty between the United States and Brazil of 1942, and Article I, paragraph 1 of the Military Assistance Agreement of 1953, requires the replacement of old, badly-worn equipment to maintain its operating efficiency. The extent of modernization considered necessary for continued effective operation has been communicated to His Excellency, Admiral Jorge do Paço Mattoso Maia, Minister of Marine.

In addition to traffic for the Naval Mission, Radio Rio sends and receives communications for the United States Delegation to the Joint Brazil-United States Military Commission in carrying out the objectives of the agreements cited above which are the bases of its official cooperation with the Armed Forces of Brazil. Radio Rio also handles traffic from agencies of the Brazilian Armed Forces to Brazilian representatives in the United States.

It is hoped that permission for modernizing Radio Rio will be granted in order that the necessary and fruitful cooperation now existing in the field of communications between the armed forces of the two governments may continue without interruption.

Embassy of the United States of America,

Rio de Janeiro, February 15, 1960.

SECRET

1146

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT
December 21, 1960

S S-#14531

ARA - Mr. Ortiz

Letter to the Secretary, dated December 19, from Deputy Secretary Douglas of Defense re Submarines for Brazil

For appropriate handling.

Frank A. Mau
S/S-RO
Ext. 5261

Attachment:
Ltr to Secy from
James Douglas, dtd
12/19.

cc: G - Mr. Meloy
S/P -Mr. Savage
U/MSC - Mr. Romano
U/MSS-Mrs. O'Gulian
DLF - Mr. Toner

1147

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S/S

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ARA

THE SECRETARY OF DEFENSE
WASHINGTON

DEC [illegible] 1960

Dear Chris:

In accordance with Public Law 85-532, the Government of Brazil has requested the loan of two submarines in lieu of eight minesweepers contained in the undelivered portion of the Fernando de Noronha Agreement. After discussing the matter with the Joint Chiefs of Staff, it has been determined that the loan of two submarines to Brazil is in the best interest of the United States from a military point of view. Funds for this purpose will be included in the FY 1962 Military Assistance Program.

Sincerely yours,

Jim Douglas

The Honorable

The Secretary of State

732.5621/12-1960

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C-1050

732.5621/12-1960

1148

INCOMING AIRGRAM · *Department of State*

ACTION COPY

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30-32
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CONFIDENTIAL
Classification

COPIES REC'D 1 PAGES
NUMBERED PAGE 1 OF 1 PAGES

Date Sent: Dec. 20, 1960
Rec'd: 1960 DEC 24 AM 8 07

ACTION: ~~R PD Dec 22 5 51 PM '60~~
INFO:
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FROM: Amembassy RIO DE JANEIRO

TO: Secretary of State

NO: G-227

According communication received by Embassy Naval Attache (OPNAV Notice 04900 October 19, 1960) present plans for transfer U.S. destroyers HALEY and CUSHING to GOB envisage refitting and delivery to Brazilian Navy at U.S. Naval Shipyard, Norfolk, Virginia.

Since Embassy informed at least one-third of Brazilian crews which will take over destroyers will be colored personnel, and in light prevailing racial tensions in Norfolk area, Embassy strongly recommends use alternative naval shipyard, preferably either Philadelphia, New York or Boston.

Since destroyers due arrive Norfolk to commence five months refitting period February 1961, request Department take up with Department of Navy as matter of urgency.

Naval Attache concurs.

CABOT

732.5621/12-2060 HBS

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MAR 8 5 15PM '61

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Classification

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NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

1149

INCOMING TELEGRAM *Department of State*

732.5621/2-2761

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Classification

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Control: 16354
Rec'd: February 27, 1961
1:39 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1103, February 27, 2 p.m.

SENT DEPARTMENT 1103, REPEATED INFORMATION BUENOS AIRES 99.

LIMIT DISTRIBUTION

Department Circular telegram 1275.

Embassy has no doubt legislation giving Argentina special privilege purchase destroyers would be considered discriminatory and favoring country which Brazilians believe has in past posed threat to security Brazil. View thereof in absence other important factors of which Embassy not aware, suggest legislation if introduced be generalized include other LA countries. Regarding point (B) Department will recall Brazil purchased carrier in Great Britain after US refused sell. Naval mission concurs above estimate.

CABOT

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JAN 11 10 29 AM '62

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Confidential

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ANALYSIS & DISTRIBUTION BRANCH
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RM/R FILES

316/534.0(22)

The Brazilian Embassy presents its compliments to the Department of State and has the honor to inform the following:

2. On January 18, 1957, the United States ceded two submarines to Brasil in pursuance of the joint plans drawn up by the two Government for the defense and security of the Continent. The loan of these two vessels for five years was approved under the provisions of Public Law 84-484.

3. As the aforementioned period is now approaching termination, and in view of the fact that the Brazilian Navy considers the continued use of the two units to be indispensable since they are the only ones at its disposal in this class, being furthermore actually insufficient in number to fulfill operational requirements, the Brazilian Government will, in the near future, propose at the Joint Brazil-United States Military Commission an extesion of the five-year period.

With most appreciative thanks to the Department of State for its kind attention in the matter, the Brazilian Embassy avails itself of the opportunity to renew the assurances of its highest consideration.

Washington, november 17, 1961.

FILED
JAN 22 1962
CLASSIFIED FILE

732.5622/11-1761

11-20-61

CFLL/afb

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CONFIDENTIAL

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REGISTERED

The Department of State refers to note No. 326/USA.0(AT) dated November 17, 1961 from the Brazilian Embassy concerning the desire of the Brazilian Navy to extend the loan of two minesweepers, transferred by the United States Government to the Government of Brazil pursuant to United States Public Law 91-168, for an additional five years.

The request of the Brazilian Navy is presently being considered by the appropriate agencies of this Government.

732.5622/11-1761

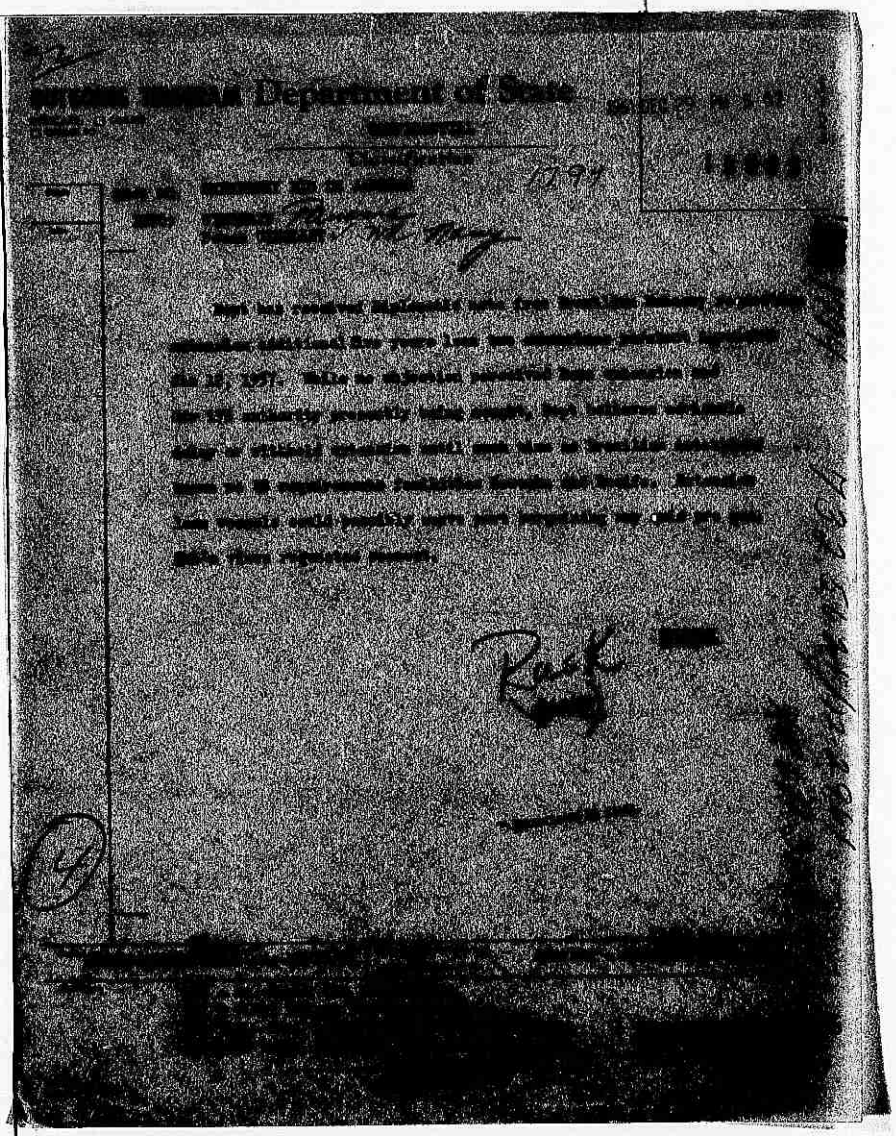
Department of State,

Washington, January 15, 1962

JAN 15 1962 PM

(2)

1152



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732.5621/1-262

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INCOMING TELEGRAM *Department of State*

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RMR

CONFIDENTIAL

Control: 568
Rec'd: January 2, 1962
1:35 AM

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1538, January 2, 6 p.m.

PASS CINCARIB AND CINCLANT FOR INFORMATION

Reference: Department telegram 1794 732.5621

Suggest for time being Department merely acknowledge receipt Brazilian Embassy note and state request under consideration. Embassy meanwhile will explore possibility utility loan renewal as bargaining point connection Noronha Recife facilities and desirability using it as such.

GORDON

CPL

Note: Relayed to CINCLANT, CINCARIB 1/2/62.

Rio - 1

732.5621/1-262

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INCOMING TELEGRAM (6) Department of State

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CONFIDENTIAL

Control: 568
Rec'd: January 2, 1962
1:35 AM

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1538, January 2, 6 p.m.

ACTION: RMR
INFO:
RM/R FILES: file

AFM
RPA/S
3-2-62

PASS CINCARIB AND CINCLANT FOR INFORMATION

Reference: Department telegram 1794 — 732.5621/1-262 XR 611.327

Suggest for time being Department merely acknowledge receipt Brazilian Embassy note and state request under consideration. Embassy meanwhile will explore possibility utility loan renewal as bargaining point connection Noronha Recife facilities and desirability using it as such.

GORDON

CPL

Note: Relayed to CINCLANT, CINCARIB 1/2/62.

Rio de Janeiro 1538 RMR file

732.5621/1-262

XR 611.327

Declassified by RMR

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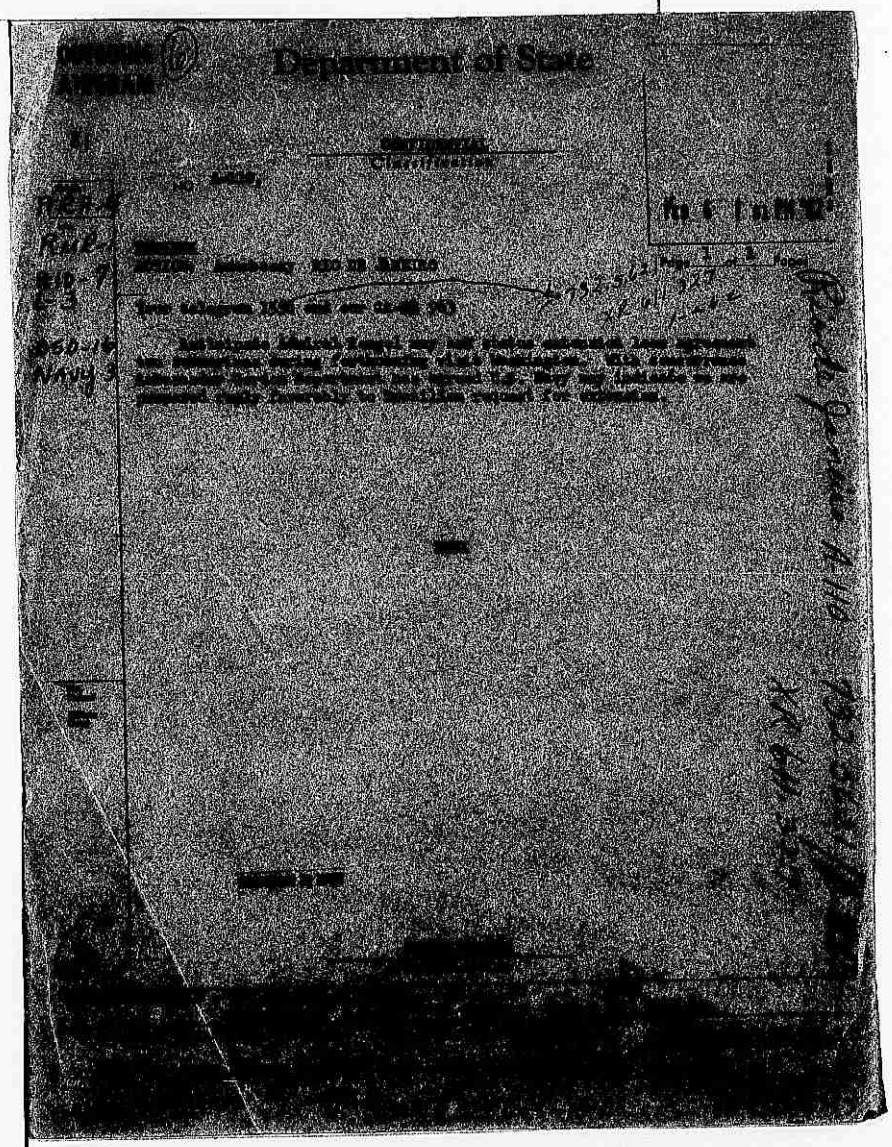
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1156


Department of State

1157

(6)

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CONFIDENTIAL

Control: 6135
Rec'd: Jan. 11, 1962
9:50 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1604, January 11, 3 p.m.

PASS INFORMATION CINCARIB AND CINCLANT

EMBTEL 1538 – 732.5621
1538 XR 611.327

Embassy believes it undesirable seek use question extending submarine loan as bargaining point negotiations Noronha-Recife facilities. Noronha requirements being discussed with Army and Recife facilities with Air Force. Submarine matter obviously extraneous such negotiations and its introduction would tend prejudice thus far successful efforts keep negotiations military channels. Chief MAAG concurs.

On other hand Embassy considering, and discussing with US military, possible utility submarine loan question in negotiations Radio Rio.

GORDON

COT

Note: Relayed to CINCARIB AND CINCLANT 1/11/62

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NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

Rio de Janeiro 1604

732.5621/1-1162
XR 611.327

1158

OUTGOING AIRGRAM

81

AFRA-4
RMR-1
SS-25
SP-1
M-1
SR-1
DCT-1
OSD-16
NAVY-3

Department of State

CONFIDENTIAL
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NO. [redacted]

Jan 29 | 55 PM '62

SENT TO: Ambassador RIO DE JANEIRO
Repeat info Ambassador [redacted] CIRCARIB
Repeat info Navy for CINCLANT

Page ___ of ___ Pages

STATE-DEFENSE MESSAGE

Reference Embtel 1604.

Our intention was not to introduce submarine loan extension in Noronha discussions as exploit quid pro quo at this time. We wished if only for tactical reasons, to withhold favorable response on Brazilian request until we had GOB reaction on Noronha and residual facilities involved. In circumstances, this would appear involve only short delay in responding on submarine extension.

Will examine with interest any recommendation Embassy may develop with respect direct link between submarine extension and Radio Rio. However, our initial reaction is that, because Radio Rio deadline still many weeks off, to withhold submarine extension as psychological tactic not feasible. Difficulty with explicit link is that this approach presupposes our readiness actually withdraw submarines if extension unsatisfactory on Radio Rio. Because ASW capability of Brazilian Navy also of concern to us this point would require careful study here.

RUSK (ACTING)

CONFIDENTIAL
Classification

DRAFTED BY: [redacted] OFFICE: [redacted] PHONE: [redacted] CLEARED: [redacted]

APPROVED FOR RELEASE
DATE: JAN 27 1993

CLASSIFIED FILE

1159

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : RM/R

DATE: July 17, 1962

FROM : L/T - Elsie Boelter EB

SUBJECT: Exchange of notes at Washington on Feb. 21 and July 11, 1962 (date) with the Brazilian Embassy (or Legation) relating to loan of two submarines to Brazil under the agreement of January 12 and 16, 1957.

There are attached, for filing in RM/R, photostats of the exchange of notes referred to above. As the notes constitute an international agreement, the record copies are being retained in L/T. At a later date they will be sent to the National Archives for permanent filing among the treaty records.

File number: 732.5621/2-2162 and 7-1162

L:L/T:EBoelter

1160

February 21, 1962

Excellency:

I have the honor to refer to your Government's request that the loan of two submarines pursuant to the Agreement effected by the exchange of notes signed at Washington on January 12 and January 16, 1957, be extended for an additional period of five years.

I am pleased to inform Your Excellency that the Government of the United States of America will extend the loan of the two submarines for an additional period not to exceed five years, subject to the terms and conditions of the above mentioned Agreement.

In the event that the above proposal/is acceptable to your Government, this note and your reply concurring thereto shall constitute an agreement between the two Governments, which shall enter into force on the date of your reply.

Accept, Excellency, the renewed/assurances of my highest consideration.

For the Secretary of State:

Dean Rusk

732.56321/2-2162

xr 6.11.327

His Excellency

Roberto de Oliveira Campos,

Brazilian Ambassador.

Copies to:
Navy-Cdr.Sciria
EST-Mr.Wilson
G/PM-Mr.Maechling
PRCS-Mr.Kyle
L/T-Mrs.McDowell
Amembassy RIO DE JANEIRO

ARA:RPA:APGalsen:hjb 2/13/62

S/S-C

FEB 16 1962 PM

FEB 20 1962

microfilmed by RMD

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INCOMING TELEGRAM *Department of State* ACTION COPY

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CONFIDENTIAL
Classification

Control: 16354
Rec'd: February 27, 1961
1:39 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1103, February 27, 2 p.m.

RM/R file
INFO: RM/R FILES
transmit action file RM/R 2/28/61 file GDS
1/6

SENT DEPARTMENT 1103, REPEATED INFORMATION BUENOS AIRES 99.

LIMIT DISTRIBUTION

Department Circular telegram 1275.

Embassy has no doubt legislation giving Argentina special privilege purchase destroyers would be considered discriminatory and favoring country which Brazilians believe has in past posed threat to security Brazil. View thereof in absence other important factors of which Embassy not aware, suggest legislation if introduced be generalized include other LA countries. Regarding point (B) Department will recall Brazil purchased carrier in Great Britain after US refused sell. Naval mission concurs above estimate.

CABOT

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732.56/2-2761

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NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

1162

Washington, July 11, 1962.

256/534.0

INFO: RM/R FILES

Excellency,

I have the honor to acknowledge receipt of your Excellency's Note of February 21, 1962, which reads as follows:

"I have the honor to refer to your Government's request that the loan of two submarines pursuant to the Agreement effected by the exchange of notes signed at Washington on January 12 and January 16, 1957, be extended for an additional period of five years.

I am pleased to inform Your Excellency that the Government of the United States of America will extend the loan of the two submarines for an additional period not to exceed five years, subject to the terms and conditions of the above-mentioned Agreement.

In the event that the proposal given above is acceptable to your Government, this note and your reply concurring therein shall enter into force on the date of your reply.

Accept, Excellency, the renewed assurances of my highest consideration."

I have the honor to confirm that my Government is agreeable to the aforementioned proposal.

(2)

His Excellency Dean Rusk
Secretary of State of the United States of America.

JSA/zw

732.5-621/2-2162 XR 611.327

1163

Accept, Excellency, the renewed assurances of my highest consideration.

Roberto de Oliveira Campos
Ambassador

1164

13

ACTION
is assigned to
ARA

Case # 51
171

RPM:S

Washington, August 9th, 1962.

INFO:
RM/R FILES

299/534.0

732.5621/8-962

Excellency:

I have the honor to request Your Excellency's good offices with the proper authorities with a view to renewing for five more years the agreements by which the "USS Guest DD-472" (CT Pará) and the "USS Bennett DD-473" (CT Paraíba) were loaned to the Brazilian Navy, and which will expire on June 15 and December 15, 1964, respectively.

I avail myself of the opportunity to present to Your Excellency my anticipated thanks for your kind attention in this matter together with the renewed assurances of my highest consideration.

Miguel A. Ozorio de Almeida
Chargé d'Affaires, a.i.

His Excellency Dean Rusk,
Secretary of State of the United States of America.

(3) 8-13-62

493569

1165

(6)

September 19, 1962

Excellency:

I have the honor to acknowledge the receipt of the Embassy's note No. 299/53h.0 dated August 9, 1962, concerning the desire of the Government of Brazil to renew for five more years the agreements by which the "USS Guest DD-h72" (OT Pará) and the "USS Bennett DD-h73" (OT Paraíba) were loaned to the Brazilian Navy, and which will expire on June 15 and December 15, 196h, respectively.

The request is being considered by the appropriate authorities of this Government and the Embassy will be informed as soon as a decision is reached.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:
Herbert K. May.

His Excellency
Roberto de Oliveira Campos,
Brazilian Ambassador.

732.5621/8-962

Microfilmed by RRS

(1)

S/S-C
SEP 14 1962 PM
SEP 19 1962

cc: Amembassy RIO DE JANEIRO
CINCARIB

ARA:RPA:AFMcLean:aab:hjb 8/24/62, 9/14/62 EST/B-Mr.Wilson MC-Margrave
AID/PRGS-Mr.Manning

(see attached blue sheet for clearing initials)

732.5621/8-962

1166

ACTION is assigned to

Washington, September [illegible], 1962.

INFO:
RM/R FILES

SECRET

356/534.0 (22)

Excellency,

I have the honor to request Your Excellency's good offices with the proper authorities with a view towards securing the loan to the Brazilian Navy of four destroyers of the "Fletcher" class.

2. These ships would be used for protection of maritime traffic and coast defense as well as in coastal patrol missions, and the present request is made in view of the fact that Brazilian shipyards are not yet in a position to build vessels of such displacement and complexity.

3. The vessels in question would be received by the Brazilian Navy during the 1964 fiscal year (July 1963-June 1964).

I avail myself of the opportunity to present to Your Excellency my anticipated thanks for your kind attention in this matter together with the renewed assurances of my highest consideration.

Roberto de Oliveira Campos
Brazilian Ambassador

496741

His Excellency Dean Rusk,
Secretary of State of the United States of America.

FILED
NOV - 5 1962

732.56A/9-2762

(1)
9-28-62

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(6)

SECRET

This document consists of 2 pages
Copy 3 of 8 Copies, Series A

838600

REGISTERED

October 30, 1962

Excellency:

I have the honor to refer to your note no. 336/334.0 (22) of September 27, 1962, in which you request on behalf of the Brazilian Navy the loan of four "Fletcher" class destroyers required for protection of maritime traffic and coastal defense as well as for use in coastal patrol missions.

While the Department of State appreciates the requirement of the Brazilian Navy for additional destroyers, the United States Government is not in a position to respond favorably to the request, inasmuch as there is at present no existing United States legislation which would permit such a transaction.

Nevertheless, it is suggested that the Brazilian Navy submit its request for the loan of four destroyers through appropriate military channels for consideration and possible

His Excellency
Roberto de Oliveira Campos,
Brazilian Ambassador.

732.56321/10-2762

Recommend by RAGR

(1)

ARA:RPA:AF McLean

SECRET

1168

inclusion in any future ship loan legislation, should it be decided to seek such authorization from the United States Congress.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

HERBERT K. MAY

S/S-O
OCT 25 1962 AM
OCT 30 1962

730.5622/9-2562

INR:HPA:AFMcLeod:ald 10/22/62

EST-Mr.Wallman

L/E-Mr.Malmberg

AID/PMDS-Mr.Manning

1169

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT ☐ CHARGE TO

CONFIDENTIAL
Classification

1426

Oct 3 11 59 AM '62

ACTION: Ambassador RIO DE JANEIRO PRIORITY

INFO: POLAD GUADALUPE
POLAD GUERCAFF

Joint State-Defense message.

We are in receipt diplomatic note requesting loan to Brazil of four (4) Fletcher class destroyers. As Sub wants no repeat no Congressional legislation or authority exists under which we could accommodate such request. Before sending negative reply, we would appreciate any background information which might shed light on how or why request generated. RUSK.

DS-322

(22)

Rio 806

INCOMING TELEGRAM *Department of State*

CONFIDENTIAL

50-H
Action
ARA

Control: 8065
Rec'd: October 10, 1962
6:49 p.m.

Info
G
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OSD
NAVY
RMR

FROM: Rio de Janeiro

TO: Secretary of State

NO: 806, October 10, 4 p.m.

PRIORITY

ACTION DEPARTMENT 806, INFORMATION POLAD CINCARIB 11, POLAD CINCLANT UNNUMBERED

DEPTEL 866 10-362

732.5621/10-1062

In note dated July 17 signed by Acting Foreign Minister Renato Archer Foreign Office informed Embassy it had received and forwarded to Brazilian Embassy Washington for appropriate action Navy Ministry proposal for loan 4 FLETCHER class destroyers. No prior or subsequent mention matter made by Brazilians to Ambassador, commander US military group, Chief of Naval Mission, Naval Attache or other members Country Team. In view existence grave domestic political crisis at time which seemed preclude serious immediate pursuit by GOB such request (which has some earmarks ill-considered Brazilian Embassy note 219 June 7 re proposed procurement T-28 aircraft), Embassy considered it prudent avoid discussion matter with local officials pending outcome crisis and imminent national elections. Regret Embassy's failure forewarn Department possibility such note being presented.

Brazil already has on loan 4 FLETCHER class destroyers, 2 fleet-type submarines and 2 coastal mine sweepers; 2 additional submarines and 2 more minesweepers are being prepared for loan, all part of Noronha package. No other loans presently programmed in MAP. Brazil now studying naval construction program to replace 8 obsolete destroyer escorts and 6 obsolescent destroyers provided sufficient support of program can be obtained through MAP.

CONFIDENTIAL

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1171

APR 26 1961

Port Gate No. 102

INFORMATION TO: Director of Military Assistance
Office of the Assistant Secretary of Defense (ISA)

SUBJECT: Request Involving Purchase of Military Equipment, Material or Services under the National Security Act of 1954, as amended.

The Department of State has received note No. 5-3-M/56 of April 4, 1961, three copies of which are enclosed, from the Peruvian Embassy requesting the duties of the Government of Peru be purchase ten C-46D aircraft as specified for use by the Peruvian Air Force and ten sets of the same type aircraft to be used as spare parts.

The Department of State approves, from an economic and political point of view, the granting of this request under the legislative authority of Section 106 of the National Security Act of 1959, as amended. This approval is subject to any patent or proprietary rights and security considerations which apply to the specified material or services, as may be subsequently determined by the Department of Defense.

Joseph J. Kaplan
Assistant Comptroller
for Programming

Enclosure:

Three copies of Peruvian note No. 5-3-M/56 of April 4, 1961.

cc: Amembassy LIMA
CINCARIB

ARA:RPA:HJBuffalohides:hjb 4/21/61

WST-Mr.Poole MC E/PAC

OFFICE OF MUNITIONS CONTROL
APR 26 1961
DEPARTMENT OF STATE

S/S-CR Stamped in error
APR 27 1961 PM

732.5622/4-461

1172

(22)

Rio 806

INCOMING TELEGRAM *Department of State*

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RMR

CONFIDENTIAL

Control: 8065
Rec'd: October 10, 1962
6:49 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 806, October 10, 4 p.m.

PRIORITY

ACTION DEPARTMENT 806, INFORMATION POLAD CINCARIB 11, POLAD CINCLANT UNNUMBERED

DEPTEL 866 10-362

In note dated July 17 signed by Acting Foreign Minister Renato Archer Foreign Office informed Embassy it had received and forwarded to Brazilian Embassy Washington for appropriate action Navy Ministry proposal for loan 4 FLETCHER class destroyers. No prior or subsequent mention matter made by Brazilians to Ambassador, commander US military group, Chief of Naval Mission, Naval Attache or other members Country Team. In view existence grave domestic political crisis at time which seemed preclude serious immediate pursuit by GOB such request (which has some earmarks ill-considered Brazilian Embassy note 219 June 7 re proposed procurement T-28 aircraft), Embassy considered it prudent avoid discussion matter with local officials pending outcome crisis and imminent national elections. Regret Embassy's failure forewarn Department possibility such note being presented.

Brazil already has on loan 4 FLETCHER class destroyers, 2 fleet-type submarines and 2 coastal mine sweepers; 2 additional submarines and 2 more minesweepers are being prepared for loan, all part of Noronha package. No other loans presently programmed in MAP. Brazil now studying naval construction program to replace 8 obsolete destroyer escorts and 6 obsolescent destroyers provided sufficient support of program can be obtained through MAP.

732.5621/10-1062

CONFIDENTIAL

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1173

Request doubtless generated by staff Navy Minister under growing awareness high cost naval construction program and desire replace some of obsolete ships before replacements could be built. Request also obvious attempt bypass MAP.

Recommend Department acknowledge note with suggestion approach for assistance this kind be made through established MAP channel.

Naval Mission concurs.

GORDON

LTR/14

1174

APR 26 1961

Form Date No. 108

MEMORANDUM FOR: Director of Military Assistance
Office of the Assistant Secretary of Defense (ISA)

SUBJECT: Request Involving Purchase of Military Equipment, Material or Services under the Mutual Security Act of 1954, as amended.

The Department of State has received note No. 5-3-M/56 of April 4, 1961, three copies of which are enclosed, from the Peruvian Embassy containing the desire of the Government of Peru to purchase ten B-26B aircraft as specified for use by the Peruvian Air Force and ten each of the same type aircraft to be used as spare parts.

The Department of State approves, from an economic and political point of view, the granting of this request under the legislative authority of Section 106 of the Mutual Security Act of 1954, as amended. This approval is subject to any patent or proprietary rights and security considerations that apply to the specified material or services, as may be subsequently determined by the Department of Defense.

Joseph J. Kaplan
Assistant Coordinator
for Programming

Enclosure:

Three copies of Peruvian note No. 5-3-M/56 of April 4, 1961.

DEFICE OF MUNITIONS CONTROL
APR 28 1961
DEPARTMENT OF STATE

S/S-CR
Received in mail
APR 27 1961 AM

cc: Amembassy LIMA
CINCARIB

ARA:HPA:HJBurfalohidet:hjb 4/21/61

WST-Mr.Poole MC B/PAC

732.56322/4-461

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The Secretary of State presents his compliments to His Excellency the Ambassador of Peru and has the honor to acknowledge the receipt of the Embassy's note No. 5-2-2/55 dated April 4, 1961 concerning the desire of the Government of Peru to purchase ten C-123B aircraft which the Assistant Air Attaché of Peru has collected on visit as ten other aircraft of the same type for use as spare parts.

The Embassy's request is being considered by the appropriate authorities of this Government and the Embassy will be informed as soon as a decision is reached.

Department of State,

Washington, April 29, 1961

S/S-CR

APR 27 1961 AM APR 28 1961 AM

Para Case No. 102

ARA:RPA:EWeatherbee:hjb 4/21/61 EST-Mr.Poole HG D/FAO

7.32.62 27/4-461

1176

ACTION
is assigned to

PERUVIAN EMBASSY
WASHINGTON 6, D.C.

N° 5-3-M/56

The Peruvian Ambassador presents his compliments to His Excellency the Secretary of State and, under instructions from his Government, has the honor to inform His Excellency that the Peruvian Air Force is interested in the purchase, under the MSMS system, of ten C-46D aircraft to be used as transports.

These aircraft, which are for sale, have been inspected in Davis Monthan Air Force Base by the Assistant Air Attaché of Peru and, as a result of such visit, the following aircraft have been selected:

1. N° 44-78328
2. N° 44-77469
3. N° 44-77708
4. N° 44-77810
5. N° 44-77872
6. N° 44-77471
7. N° 44-77994
8. N° 44-78324
9. N° 44-77427
10. N° 44-78399

In addition to the above-mentioned planes, the Peruvian Air Force is also interested in purchasing two aircraft of the same type for use as spare parts.

FILED
MAY 9 - 1961

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The Ambassador would greatly appreciate it if this request could be favorably considered by the proper authorities in view of the importance of these aircraft in keeping the transport branch of the Peruvian Air Force in operation.

Washington, D. C., April 4, 1961.



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W I T H D R A W A L N O T I C E

RG: 059 TAB #: 6

ENTRY: CDF60-63 1 / 1 / S / ---

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BOX: 1585

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The item identified below has been withdrawn from this file:

Folder Title: 732.5622/8-3161

Document Date: 31/08/61

Document Ser.#:

TEL C-43 FR USARIA BRAZIL TO SECSTATE

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:

X Security-Classified Information

NND: 949515 WITHDRAWN: 02/24/95 by: JAS

FOIA RETRIEVAL #: 949515 01585 00006

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(6)

INCOMING TELEGRAM *Department of State* ACTION COPY PERMANENT RECORD COPY

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CONFIDENTIAL

COPIES REC'D ARA
NUMBERED
Control: 2105
Rec'd: Sept 4 1961
4:25 PM

FROM: ATTACHES AMEMBASSY BRAZIL

file: hagetaar 1127/B: Jatuluan - ACTION
line 9-27-61. INFO:
RM/R FILES

TO: Secretary of State

NO: 312100Z, AUGUST

ACTION CNO, HQUSAF, DEPTAR, INFORMATION 1127 FAG, CINCLANT, CINCLAFLT, COMFIFTEEN, COMTEN, COMSOLANT, CHNAVMIS BRAZIL, CINCARIB, CGUSARCARIB, CAIRC ALBROOK AFB, STATE DEPARTMENT, WHITE HOUSE

USAF FOR AFCIN. DEPTAR FOR ACSI.
J-40. THIS IS A JOINT ARMY NAVY AND AIR ATTACHE MESSAGE. THIS MESSAGE IN 7 PARTS. PART 1. REOUR J-29 AND J-31 FOLLOWING ADDITIONAL INFORMATION RECEIVED FROM BAF SOURCE, EVALUATION B-2: WHEN MACHADO LOPES AND PASSOS MET ON 29 AUG, MACHADO STATED WOULD NOT SUPPORT DENYS. WHEN ASKED STATE HIS INTENTIONS PASSOS REQUESTED FEW HOURS TO THINK IT OVER. UPON RETURN TO AIR ZONE HEADQUARTERS HE GAVE ORDER TO MOVE ALL METEOR F-8 AIRCRAFT TO (UNCERTAIN) SAO PAULO OR SANTA CRUZ. 350 SERGEANTS REFUSED OBEY ORDER AND DEMOBLIZED AIRCRAFT BY DEFLATING TIRES AND POSSIBLY BY OTHER MEANS. THEN INCREDIBLE AS IT SEEMS PASSOS THEN APPEALED MACHADO FOR HELP. MACHADO SENT TROOPS RESTORE ORDER AT AIR BASE AND ALLOWED FLYAWAY OF THOSE AIRCRAFT AND PILOTS WHO WANTED TO LEAVE. SEVEN AIRCRAFT EVACUATED. CONDITION OF OTHER AIRCRAFT NOT KNOWN.

PART 2: MACHADO STATED TO PASSOS HE CONTROLLED RIO GRANDE DO SUL, PARANA, AND SANTA CATARINA AND HAD PROMISE SECOND ARMY WOULD SUPPORT HIM.

PART 3: SOURCE STATED A GROUP OF PILOTS AT SANTA CRUZ AIR BASE HAD BEEN ARRESTED BECAUSE REFUSED TO TAKE POSITION SUPPORT DENYS. ANOTHER SOURCE CLOSELY ALLIED WITH FIRST SOURCE STATED LATE 29 AUG THESE WERE 8 METEOR PILOTS WHO WERE BEING HELD MANGUINHOS SUPPLY DEPOT RIO.

(4)

CONFIDENTIAL

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DECLASSIFIED

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ACTION ASSIGNED TO:	ACTION TAKEN		
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R	Microfilmed by RMR

Qir Force Dept.

732.5622/8-3161

NR 732.56

NR 732.00

1180

CONFIDENTIAL

-2-, 3121ØØZ, AUGUST, FROM ATTACHES AMEMBASSY BRAZIL

PART 4: SOURCE STATED SEVERAL HIGH RANKING BAF OFFICERS BELIEVE DENYS WILL ACCEPT COMPROMISE PERMITTING GOULART ASSUME PRESIDENCY UNDER RESTRICTIONS OF PARLIMENTARY FORM OF GOVERNMENT. HE ADDED THIS GROUP DOES NOT BELIEVE MOSS AND HECK WILL AGREE AND FEARS, IF CONFRONTED WITH THIS SITUATION, ARMY WILL TAKE ACTION TO NEUTRALIZE AIR BASES AND SURROUND NAVY INSTALLATIONS AS OCCURRED IN 1955 WHEN LOTT USED ARMY POWER TO INSURE KUBITSCHECK INAUGUARATION. GROUP WORRIED ABOUT EFFECT ON ARMY NAVY AIR FORCE RELATIONS WHEN CURRENT SITUATION RESOLVED.

PART 5: SOURCE INDICATES GROUP OF BAF OFFICERS, INCLUDING TRAVASSOS AND FLEIUSS, WANT TO FORCE ACCEPTANCE COMPROMISE SOLUTION INDICATED IN PART 4. WITH OR WITHOUT MOSS. STATES MOSS AND ASSOCIATES WERE INVOLVED ARAGARCAS REBELLION AND THEIR ACTIONS HAVE ALWAYS DAMAGED THE AIR FORCE.

PART 6: VICE CONSUL PORTO ALEGRE ARRIVED RIO LATE 3Ø AUG BY COMMERCIAL AIR. STATED HE OBSERVED ABOUT 6 FIFTH AIR ZONE OFFICERS ON THIS FLIGHT IN CIVILIAN CLOTHES WITHOUT BAGGAGE.

PART 7: REPORT 28 AUG FROM CONSUL, SALVADOR, BAHIA STATES 1Ø AIRCRAFT (P2V'S) ARE OPERATIONAL AND LOADED WITH TOTAL 6Ø BOMBS, 25Ø POUNDERS OR LARGER, READY FOR INSTANT TAKEOFF. BAF SOURCE REFERRED TO ABOVE HAS NO DOUBT THIS SQUADRON WILL SUPPORT MOSS.

SCP-3

NOte:Advance cop/ to SO 9/3 CWO JRL

CONFIDENTIAL

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INCOMING TELEGRAM *Department of State*

ACTION COPY

PERMANENT RECORD COPY

45-48

CONFIDENTIAL NUMBERED

Control: 1951

Rec'd: 1:SEPT 4, 1961 10 4:19 AM

Action ARA

Info SS G SP L H SO SAL P USIA S CA LNR RMR

FROM: ATTACHES AMEMBASSY BRAZIL

TO: Secretary of State

INFO: RM/R FILES

NO: J-44, DTG 021542Z SEPTEMBER (JOINT SERVICES MESSAGE)

PRIORITY

ACTION CNO, HQUSAF, DEPTAR; INFORMATION 1127 FAG, CINCLANT, CINCLANTFLT, COMFIFTEEN, COMTEN, COMSOLANT, CNAVMIS BRAZIL, CINCARIB, CGUSARCARIB, CAIRC, WHITE HOUSE, DEPARTMENT OF STATE

USAF FOR AFCIN.

DEPTAR FOR ACSI.

THIS IS A JOINT ARMY NAVY AIR FORCE MESSAGE.

THIS MESSAGE IN 6 PARTS.

REF PART 2 OUR J-43. FOLLOWING FROM RELIABLE BAF SOURCE EVAL B-2.

PART 1. BAF AND NAVY PLAN FLY S2-F SQUADRON FROM SANTA CRUZ TO ABOARD MINAS GERAIS 4 OR 5 SEP. ACTION PLANNED TO GET ALL POSSIBLE NAVY FORCES AND S2F AT SEA BECAUSE BAF AND NAVY UNCERTAIN ARMY ACTIONS IN CHANGING POLITICAL SITUATION, MOVE INTENDED RETAIN CAPABILITY NAVY AND AIR FORCE ACTION WITHOUT ARMY SUPPORT. SOURCE STATES THERE ARE UNIT COMMANDERS IN NAVY AND BAF WHO WANT TO USE ARMS AGAINST GOULART WHETHER THEIR MINISTERS CONCUR OR NOT AND ARE FANATIC ENOUGH TO DO SO. HOWEVER HE INDICATES MANY OFFICERS UNDER THESE COMMANDERS HAVE LOST HEART FOR FIGHT AGAINST CONSTITUTION WITHOUT POPULAR SUPPORT.

PART 2. 7 BAF OFFICERS WILL BOARD MINAS NOW AT SEA THIS MORNING BY HELICOPTER FROM RIO. THEY ARE 5 OFFICERS OF AIR DEP BOARD MINAS PLUS S2F GROUP CO AND EXEC. CO AND EXEC WILL RETURN RIO TONIGHT AND PROCEED SANTA CRUZ TO GET AIR GROUP READY BOARD

(4)

CONFIDENTIAL

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* This copy must be returned to RM/R central files with notation of action taken.

ACTION ASSIGNED TO (NAME OF OFFICER & OFFICE SYMBOL)	ACTION TAKEN (DATE OF ACTION)	DIRECTIONS TO ours misinformed by Amb

Diplomatic Dept.

732.00/9-461

XR 732.5

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INCOMING TELEGRAM ARA *Department of State*

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CONFIDENTIAL

Control: 2727
Rec'd: November 4, 1961
6:15 pm

Army Dept.

FROM: CHMAAG LONDON

TO: Secretary of State

RM/R CONTROL COPY

NO: 021330Z NOVEMBER

ACTION SECDEF, INFORMATION USCINCEUR, CNO, USAMBASSADOR RIO DE JANEIRO, USAMBASSADOR LONDON, STATE DEPARTMENT

1129*NAC

SEC DEF FOR OASD/ISA PASS TO DEPARTMENT OF STATE THIS IS A COUNTRY TEAM MESSAGE.

AS RESULT OF INQUIRY FROM BRAZILIAN NAVAL ATTACHE ADMIRALTY HAS ASKED IF US GOVERNMENT WILL CONSENT TO SALE OF (#) TO 18AD4W (SKYRAIDER) AND TBM (AVENGER) AIRCRAFT TO GOVERNMENT OF BRAZIL. IT WAS SPECIFIED THAT THE AIRCRAFT MUST BE CARRIER TYPE PROPELLER DRIVEN. ALL ABOVE MENTIONED OBSOLETE AIRCRAFT FURNISHED UK UNDER MAP HAVE BEEN AUTHORIZED FOR DISPOSAL UNDER US-UK MAP SURPLUS DISPOSAL AGREEMENT.

THERE ARE, AT PRESENT, 27 SKYRAIDERS AND 8 AVENGERS ON HAND WITH NEGOTIATIONS ALMOST COMPLETE FOR SALE OF 14 OF THE SKYRAIDERS TO SWEDEN. REF CNO MSG 292105Z JUN 61. NEGOTIATIONS WITH BRAZIL HAVE NOT PROCEEDED TO THE POINT OF DETERMINATION OF WHAT EQUIPMENT IS TO BE INCLUDED. EQUIPMENT SUPPLIED WITH THE SKYRAIDERS WAS: AIR-4 INTERCOM AMPLIFIER, APM-1 RADIO ALTIMETER, ARC-1-2-5 VHF TRANSMITTER/RECEIVER, ARC-28 VHF TRANSMITTER/RECEIVER AND RELAY COMM, ARR-2 ZPX HOMING BEACON, APS-20A-C RADAR, APA-57C GROUND POSITION INDICATOR, APA-81 INDICATOR GROUP, APR-12 RADAR RECEIVING SET, ART-26 RADIO TRANSMITTING SET. ALSO INSTALLED IS THE APX-6, ART-28 AND THE APX-7 WHICH THE BRITISH WILL REMOVE FOR FURTHER USE IN THE GANNET AIRCRAFT. ELECTRONICS EQUIPMENT SUPPLIED WITH THE AVENGER WAS: ARC-1-5 VHF TRANSMITTER/RECEIVER, ARB RECEIVER, ART-13 TRANSMITTER, RL-7 INTERCOMM AMPLIFIER,

Declassified DOS Papers

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CONFIDENTIAL

REPRODUCTION FROM THIS COPY IS PROHIBITED UNLESS "UNCLASSIFIED"

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1183

ARR-2 ZPX HOMING BEACON AND ADN-1 RADIO AUDIOMETER. ALSO INSTALLED IS THE APX-6 WHICH THE BRITISH WILL REMOVE FOR FURTHER USE IN THE GANNET AIRCRAFT. AAM LALTY WOULD LIKE TO KNOW AS SOON AS POSSIBLE IF THERE IS ANY OBJECTION BY US TO THIS SALE. STATE-DEFENSE, COMMENTS REQUESTED. SCP-4

GDW

*CONFIRMED AS 129
(#) OMISSION. CORRECTION TO FOLLOW.

INCOMING TELEGRAM *Department of State*

ACTION COPY

56-52 (21) CONFIDENTIAL PERMANENT RECORD COPY

Action: EUR

Control: 11761 WLB 2727

Rec'd: November 4, 1961 6:15 pm

Info: ARA EUR E SCA INR RMR

FROM: CHMAAG LONDON- CORRECTED COPY

TO: Secretary of State

NO: 021330Z NOVEMBER

ACTION SECDEF, INFORMATION USCINCEUR, CNO, USAMBASSADOR RIO DE JANEIRO, USAMBASSADOR LONDON, STATE DEPARTMENT

1129 NAC

SEC DEF FOR OASD/ISA PASS TO DEPARTMENT OF STATE THIS IS A COUNTRY TEAM MESSAGE.

AS RESULT OF INQUIRY FROM BRAZILIAN NAVAL ATTACHE ADMIRALTY HAS ASKED IF US GOVERNMENT WILL CONSENT TO SALE OF *** TO 18AD4W (SKYRAIDER) AND TBM (AVENGER) AIRCRAFT TO GOVERNMENT OF BRAZIL. IT WAS SPECIFIED THAT THE AIRCRAFT MUST BE CARRIER TYPE PROPELLER DRIVEN. ALL ABOVE MENTIONED OBSOLETE AIRCRAFT FURNISHED UK UNDER MAP HAVE BEEN AUTHORIZED FOR DISPOSAL UNDER US-UK MAP SURPLUS DISPOSAL AGREEMENT.

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CONFIDENTIAL

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ACTION ASSIGNED TO: Defense	ACTION TAKEN: Rio's A-308 1/16/62 refers to Rio and Lon	
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R: file

Reference Dept. 732.56 22 11-461 CLASSIFIED FILE

1185

—CONFIDENTIAL

-2- 021300Z NOVEMBER FROM CHMAAG LONDON

ARR-2 ZPX HOMING BEACON AND ADN-1 RADIO AUDIOMETER. ALSO INSTALLED IS THE APX-6 WHICH THE BRITISH WILL REMOVE FOR FURTHER USE IN THE GANNET AIRCRAFT. AAM LALTY WOULD LIKE TO KNOW AS SOON AS POSSIBLE IF THERE IS ANY OBJECTION BY US TO THIS SALE. STATE-DEFENSE COMMENTS REQUESTED. SCP-4

GDW

CONFIDENTIAL

DECLASSIFIED

1186

INCOMING TELEGRAM **Department of State** ACTION COPY

PERMANENT RECORD COPY

56-52

Action ARA

Info ARA EUR E SCA INR RMR

CONFIDENTIAL

Control: 2727

Rec'd: November 4, 1961 6:15 pm

FROM: CHMAAG LONDON

TO: Secretary of State

NO: 021330Z NOVEMBER

ACTION SECDEF, INFORMATION USCINCEUR, CNO, USAMBASSADOR RIO DE JANEIRO, USAMBASSADOR LONDON, STATE DEPARTMENT

1129 NAC

SEC DEF FOR OASD/ISA PASS TO DEPARTMENT OF STATE THIS IS A COUNTRY TEAM MESSAGE.

AS RESULT OF INQUIRY FROM BRAZILIAN NAVAL ATTACHE ADMIRALTY HAS ASKED IF US GOVERNMENT WILL CONSENT TO SALE OF (#) TO 18AD4W (SKYRAIDER) AND TBM (AVENGER) AIRCRAFT TO GOVERNMENT OF BRAZIL. IT WAS SPECIFIED THAT THE AIRCRAFT MUST BE CARRIER TYPE PROPELLER DRIVEN. ALL ABOVE MENTIONED OBSOLETE AIRCRAFT FURNISHED UK UNDER MAP HAVE BEEN AUTHORIZED FOR DISPOSAL UNDER US-UK MAP SURPLUS DISPOSAL AGREEMENT.

THERE ARE, AT PRESENT, 27 SKYRAIDERS AND 8 AVENGERS ON HAND WITH NEGOTIATIONS ALMOST COMPLETE FOR SALE OF 14 OF THE SKYRAIDERS TO SWEDEN. REF CNO MSG 292105Z JUN 61. NEGOTIATIONS WITH BRAZIL HAVE NOT PROCEEDED TO THE POINT OF DETERMINATION OF WHAT EQUIPMENT IS TO BE INCLUDED. EQUIPMENT SUPPLIED WITH THE SKYRAIDERS WAS: AIR-4 INTERCOM AMPLIFIER, APM-1 RADIO ALTIMETER, ARC-1-2-5 VHF TRANSMITTER/RECEIVER, ARC-28 VHF TRANSMITTER/RECEIVER AND RELAY COMM, ARR-2 ZPX HOMING BEACON, APS-20A-C RADAR, APA-57C GROUND POSITION INDICATOR, APA-81 INDICATOR GROUP, APR-12 RADAR RECEIVING SET, ART-26 RADIO TRANSMITTING SET. ALSO INSTALLED IS THE APX-6, ART-28 AND THE APX-7 WHICH THE BRITISH WILL REMOVE FOR FURTHER USE IN THE GANNET AIRCRAFT. ELECTRONICS EQUIPMENT SUPPLIED WITH THE AVENGER WAS: ARC-1-5 VHF TRANSMITTER/RECEIVER, ARB RECEIVER, ART-13 TRANSMITTER, RL-7 INTERCOMM AMPLIFIER,

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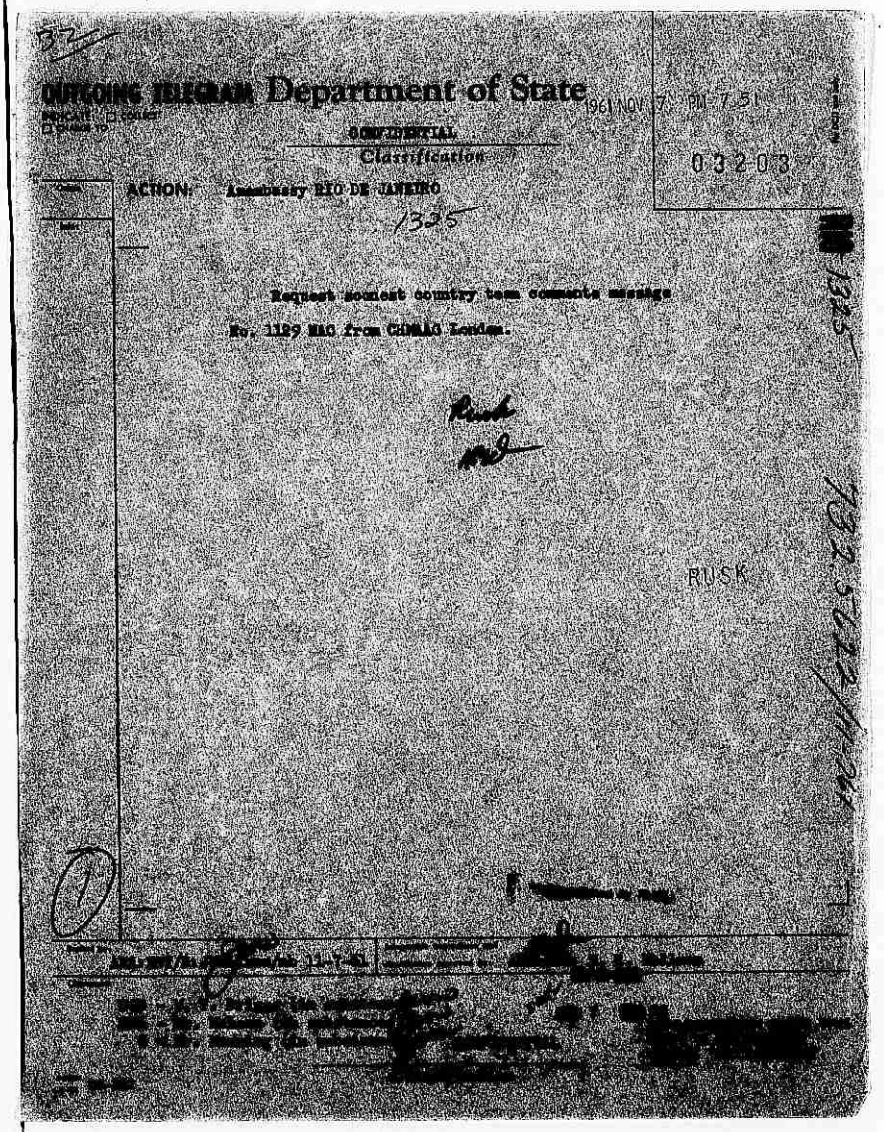
ACTION ASSIGNED TO:	ACTION TAKEN	
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

1187

ARR-2 ZPX HOMING BEACON AND ADN-1 RADIO AUDIOMETER. ALSO INSTALLED IS THE APX-6 WHICH THE BRITISH WILL REMOVE FOR FURTHER USE IN THE GANNET AIRCRAFT. AAM LALTY WOULD LIKE TO KNOW AS SOON AS POSSIBLE IF THERE IS ANY OBJECTION BY US TO THIS SALE. STATE-DEFENSE COMMENTS REQUESTED. SCP-4

GDW

*CONFIRMED AS 129
(#) OMISSION. CORRECTION TO FOLLOW.



OUTGOING TELEGRAM Department of State

1961 NOV 7 PM 7 51

CONFIDENTIAL
Classification

032 03

ACTION: Amembassy RIO DE JANEIRO

1325

Request soonest country team comments message

Re. 1189 NIACT from CINCLANT London.

Rusk

RUSK

1325 State Cable

1189

INCOMING TELEGRAM **Department of State** ACTION COPY

~~PERMANENT RECORD COPY~~

CONFIDENTIAL

NUMBERED 5278
Control:
Rec'd: Nov 9, 1961
4:10 AM

47
Action

ARA
Info
G
EUR
INR
OSD
RMR

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1165, November 8, 8 p.m.

DEPTEL 1325

Chief MAAG out of country. Will reply soonest, certainly by November 13.

GORDON

CJ

RIO 1165

732.5622/11-861

FILED
FEB 26 1962
microfilmed by

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ACTION ASSIGNED TO	ACTION TAKEN	
NAME OF OFFICER • OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

1190

32

INCOMING TELEGRAM *Department of State* ACTION COPY PERMANENT RECORD COPY

53
Action
ARA
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CONFIDENTIAL

Control: 7676
Rec'd: November 13, 1961 11:32 pm

RIO 1193

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1193, November 13, 9 pm

DEPARTMENT PASS CINCARIB

Re DEPTEL 1325

Country Team strongly recommends against aircraft sale noted message 1129 NAC from CHMAAG London.

GORDON

KEA:6

Note: Relayed to CINCARIB 11-13-61 11:30 p.m. TES.

732.5622/11-1361

FILED
FEB 26 1962
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NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

1191

ACTION COPY

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INCOMING AIRGRAM *Department of State*

Action G7

CONFIDENTIAL 732.5622/1-1162

Ara-4
Info FMR-2
INR-5
G-1
Eur-3
Ord-5
Rsp-1
WmB-1
C/O-16

FROM: AMEMBASSY, Rio Date Sent: Jan. 11, 1962

INFO:

TO: SECSTATE, WASHINGTON, D.C. RM/R FILES Jan 12 9 28 AM '62

NO: A-308

E-3
Com-6
R-3

PAGE 1 OF 1 PAGES

Reference: Embtel 1193 and Deptel 1325

In a recent conversation with Finance Minister Moreira Salles I mentioned the Brazilian Navy's attempt to purchase Skyraider aircraft from Britain, commenting that this would seem unwarranted use of foreign exchange resources. The Finance Minister said he had not heard of the plan. He agreed this was something that should be looked into and stated that he would do so.

GORDON

[redacted]
January 9, 1962

Clearance:
Mr. Shields (in draft)

NOTE: This message has been cleared by the Ambassador in draft.

732.5622/1-1162

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JAN 31 12 27 PM '62

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ACTION ASSIGNED TO:	TAKEN	DIRECTIONS TO RM/R
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	

1192

OUTGOING TELEGRAM Department of State

CONFIDENTIAL
Classification

11350

MAR 22 4 08 PM '62

2647

ACTION: Embassy RIO DE JANEIRO

INFO: CINCLANT

CINCLANT

Brasilia 5 amb Rio 23

Believe approach to you by high official GOB re possible sale carrier aircraft to Brazilian Navy may be attempt shift to USG onus for difficult decision GOB must make with regard Brazilian Navy's insistent desire obtain such aircraft. Therefore would appear desirable avoid taking any action to prevent sale of aircraft to Brazilian Navy except in response to formal GOB request.

You may wish inform your source that (1) export license involving action by Department's Munitions Control office would be required for export carrier aircraft should Brazilian Navy attempt obtain from private source in U.S. or from USG and (2) if Department receives application for such export license covering commercial sale or out of channels request from Brazilian Navy matter will be referred by Department through appropriate diplomatic channels for formal GOB

BALL

732.5622/3-1462

XR

1193

INCOMING TELEGRAM

Department of State

ACTION COPY

PERMANENT RECORD COPY

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COPIES REC'D ARA

NUMBERED

Control: 10234

Rec'd: MAR 15, 1962 4:16 PM

Action ARA

Info SS SR G SP L CAP IGA AID P USIA SCA INR RMR

FROM: Brasilia

TO: Secretary of State

NO: 5, March 14, 9 p.m.

ACTION DEPARTMENT 5; INFORMATION RIO DE JANEIRO 23

A high government source whose authority cannot be questioned today raised with me question of embarked aviation. He said that naval authorities, despite Brazilian law which puts all aviation under control Air Ministry, and despite fact Air Force already has planes for aircraft carrier MINAS GERAIS, will not permit Air Force operate from carrier and are seeking purchase aircraft in US, possibly from private sources to be flown by naval pilots. Said navy has funds for this purchase. He asked that US Government do whatever it could to prevent purchase which he is well aware would be economic waste and would cause serious conflict between air force and navy. Says in fact this issue only one foreseen by regime which could disturb present stabilized situation in armed forces.

I told source that US policy was not to permit sale US planes to navy unless such request came from government and that we would in any case view with concern such use of foreign exchange view Brazilian present financial condition. I explained action we had taken in stopping sale obsolete planes by British several months ago and assured him US Government would do everything possible prevent purchase from private sources. Source assured me request would not come from government and that it should be clearly understood that any request from Brazilian navy does not have government backing.

I presume sale by private company would require export license and that such license would be denied in these circumstances. Please confirm.

GORDON

ba

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NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

BRASILIA 5

732.5622/3-1462

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1194

732.56/4-962

INCOMING TELEGRAM *Department of State* INR 732.5622

SECRET

57-M
Action

Control: 5839
Rec'd: April 9, 1962
11:34pm

Rio de Janeiro 2402

ARA
Info

FROM: Rio de Janeiro

TO: Secretary of State

NO: 2402, April 9, 6 P.M.

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PRIORITY

DEPARTMENT PASS CINCARIB AND CINCLANT FOR INFORMATION.

DEPARTMENT PASS DEFENSE.

Reference Department Circular Telegram 1601.

Brazilian military have submitted one credit sales request and have discussed or sent out feelers on two others. Do not anticipate other large credit sales requests in FY 62-63.

EMR

For reasons indicated below only C-130 aircraft (which rumored here subject conversation Presidents Kennedy and Goulart) may require credit sales funding, and then only if long-term credit can be arranged.

732.56/4-962

1. C-130 aircraft. Brazilian Air Force (FAB) has requested long-term loan to purchase five C-130 transport aircraft with initial spares, payable within 10 years. Acquisition these aircraft by Brazil fully consistent with concept establishing small effective, highly mobile units and would considerably augment Army Air Force internal security capability. C-130 aircraft would also provide greater capacity respond to civic action requirements, especially in disaster areas including those periodically affected by droughts or floods. Estimated cost is $3 million per aircraft with related equipment and spares or total estimated cost $15 million. DAF has full details. FAB cannot finance this equipment except over long period which not possible now under MAP. Consequently FAB / has

INR 732.5622

SECRET

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1195

32

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT ☐ CHARGE TO

CONFIDENTIAL
Classification

13768

JUN 22 6 36 PM '62

Origin

Info

ACTION: Amembassy, RIO DE JANEIRO 3730

INFO : Amembassy, BUENOS AIRES 2580

INFO : CINCARIB

JOINT STATE/AID MESSAGE

Ref EMBTEL 2402 732.5/4-962 AR 732.5622

Concerning Brazilian request for U.S. credit assistance on C-130 purchases, memorandum from Brazilian Embassy received in May states that ~~xxx~~ five C-130's will be used by Brazilian Air Force for various civilian purposes, viz five year highway program, northeast development, Amazon region development, transport by Correiro Aereo Nacional, and aid to drought and flood areas. Memorandum goes on to suggest possibility of financing through Eximbank or A.I.D.

To assist Washington agencies evaluate need for Brazilian air transport modernization and augmentation in the light of overall economic development and military requirements, country team assessment requested and indication of relative priority vis-a-vis other economic and military requirements. Also request teams view on appropriate funding source among Eximbank, A.I.D., MAP credits, MAP grants, or other.

The foregoing instructions should be carried out without encouraging any expectations are availability financing.

END

Reconfirmed by DLMK

RIO-3730

732.5/4-962

INDEXED

(3)

Drafted by: AR:EST:RJBurton/AID:PROS:AFM:ring:mh 6/15-16/62

Telegraphic transmission and classification approved by: ARA - Mr. May

BALL

Clearances:

RPA-Mr.Spencer (Cleared in draft)

AID:AA/PRD:IHarrison

EST/B - Mr. Crane

EST - Mr. Wellman

Defense

G/PM - Mr. Maechling Cleared in draft

CONFIDENTIAL
Classification

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FORM 5-61 DS-322

1196

32.

~~1) AFM~~
~~2) Brazil Pending folder AFA~~
RMR

The Department of State has received the Brazilian Embassy's memorandum of April 26, 1962 concerning the proposal of the Lockheed Aircraft Corporation to sell five Lockheed C-130B-Hercules aircraft to the Brazilian Air Force.

The Embassy suggests in its memorandum that, since the aircraft will be used primarily for civilian purposes and regional economic development programs within Brazil, the actual sale possibly could be financed through sources other than financing available under the provisions of Section 506 of the Foreign Assistance Act of 1961, as amended.

While the Department of State can readily appreciate the utility of such aircraft in nation-building projects, the matter of financing the sale of strictly military aircraft through other sources would have to be considered in terms of the economic priorities the Brazilian Government places on this project, and the criteria and policies which govern the utilization of such sources.

The Department

732.5622/4-2662

microfilmed by RMR

(1)

6-29-62

SPAC: AF Manning AFA: RPA: AF McLean

1197

The Department will be communicating further with the Embassy in due course concerning this matter.

Clearances:

EST/B - Mr. Crane
LA/B - Mr. Dawson
LA - Mr. Sternfield
SPRC - Mr. Higgins
SPRC - Mr. Tank
ED - Mr. Shields

Department of State,

Washington, June 25, 1962

A-ID:
SPRC:AEManning:
ARA:HPA:AIMcIP
6/25/62

S/S-C
JUN 25 1962 AM

1198

ACTION
is assigned to
ARA

RPMS

MEMORANDUM

April 26, 1962

Interim copy by drafter
RPM/S 5/11/62 AFMcLean

On December 12, 1961, the Lockheed Aircraft Corporation, through the Lockheed Georgia Company, presented to the Brazilian Air Force a proposal for the sale of 5 (five) Lockheed aircraft, model C-130B-HERCULES.

2. Basically, this is a combat transport plane used by the United States Air Force, but, due to its capacity for transporting cargo up to 14 tons or 92 fully equipped men and the possibilities of landing and taking off from upaved landing fields, it is particularly suitable for use in Brazil.

3. These aircraft will be usedby the Brazilian Air Force in connection with the following programs:

a) Five year highway construction program, of the Transport Ministry;

b) Program of Development and recovery of the Northeastern Region (SUDENE);

c) Program for Development of the Amazon Region, through SPEVEA and its subsidiaries, among which COMARA is charged with the establishment of a network of landing fields and airports in that region;

d) General program for the transportation of heavy cargo and passengers throughout Brazil, operated by the "Correio Aéreo Nacional" of the Brazilian Air Force.

e) Assistance to regions subject to droughts and floods;

f) Use in all cases when operation of the C-130B aircraft, due to its characteristics, is recommended.

732.56222/4-2662

FILED
OCT 10 1962

(3) 5-1-62

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4. These aircraft are not available commercially, their sale being subject to authorization by the U. S. Government.

Considering that these aircraft will be mostly for civilian use, although they were primarely designed for military purposes, it is thought that they may be financed through the Agency for International Development or the Export-Import Bank of Washington within programs of the Alliance for Progress.

Washington, D.C., April 26, 1962.

CFLL/clg.

INCOMING TELEGRAM *Department of State* ACTION COPY
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38
Action

SECRET

Control: 12595
Rec'd: May 17, 1962
10:59 a.m.

ARA
Info

FROM: Rio de Janeiro

SS
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AIR

TO: Secretary of State

NO: 2717, May 16, 6 p.m.

ACTION DEPARTMENT 2717, INFORMATION CINCARIB UNNUMBERED.

DEPARTMENT PASS DEFENSE

Reference: DEPCIRTEL 1601, EMBTEL 2402.

Before Air Minister's departure for US in June, desirable we respond his request for purchase 5C-130 aircraft outlined EMBTEL 2402. For use in formulating response, request instruction mentioned penultimate paragraph Department's circular telegram 1601 re availability and source of credit assistance. At very least would like be able assure Air Minister Washington prepared discuss matter with him during visit.

GORDON

RMR

REE

SECRET

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1201

32

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT ☐ CHARGE TO

CONFIDENTIAL
Classification

P 07268

JUN 13 5 29 PM '62

Origin

Info

ACTION: Amembassy RIO DE JANEIRO 3619

RPTD INFO: POLAD CINCARIB

RIO 3619

Dept in receipt diplomatic note requesting approval export license commercial sale six T-28 training aircraft to Brazilian Navy for use on aircraft carrier MINAS GERAIS.

Unless Emb perceives strong objection, Dept intends approve export license when submitted. Would appreciate Emb views soonest and info re status ASW service conflict.

END

RUSK

A32.119/6-1362
XR A32.5222

Microfilmed by RMDS

(2)

Drafted by: ARA:RPA:AFMcLean:hjb 6/12/62

Telegraphic transmission and classification approved by: ARA:RPA:AFMcLean

Capt. Ball

Clearances:
DOD/ISA-Mr. Briggs (in substance)
EST/B-Mr. Crane (in substance)
MC-Mr. Sipes (in substance)
AID/PRCS-Mr. Manning (in substance)
Navy/OP62 (in substance)

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Classification

FORM DS-322

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1202

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OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT ☐ CHARGE TO

CONFIDENTIAL
Classification

3723

13358

JUN 22 3 55 PM '62

RIO-3723

Origin

Info:

ACTION: Amembassy, RIO DE JANEIRO PRIORITY

POLAD, CINCARIB

432.119
XR732.5622

Ref DEPTEL 3619.

Re Brazilian Embassy request approval export training aircraft Brazilian Navy, Brazilian Ambassador has informally indicated to Department he does not repeat request approval be expedited, and suggested in view ASW service conflict, we verify request has combined services support before approval. He did not however withdraw request which he indicated was made at insistence Brazilian Navy.

We will consequently defer action and reply Embassy note until your comments received. We should seek avoid situation where USG can be blamed for delay in supplying aircraft which Brazilian Government and armed services not repeat not agreed Brazilian Navy should have.

End.

ACTING BALL

432.119/6-2262
XR732.5622

(2)

microfilmed by RMR

Drafted by: ARA:EST:HRWellman:ed 6/21/62

Telegraphic transmission and classification approved by: ARA - Mr. Goodwin

Clearances: RPA/S - [illegible] EST/B - Mr. Crane DOD/ISA-Mr. Brigg (substance)

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Classification

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OUTGOING TELEGRAM Department of State

01231

INDICATE: ☐ COLLECT CHARGE TO

CONFIDENTIAL
Classification

Origin

Info

ACTION: Amembassy RIO DE JANEIRO 22

JUL 3 7 03 PM '62

RIO 22

Embtels 3082 and [redacted] 1.

Ambassador Campos informed State Dept. officer he had discussed T-28 aircraft problem with Archer on telephone July 2. Archer asked we hold note just few more days, since had been agreed this problem would be first to be presented to new cabinet for definite decision as to whether Navy would be permitted import aircraft. Dept. officer pointed out to Ambassador Campos that so long as we had note it left us in difficult position with U.S. exporter, should we receive further inquiries we state we taking no action on Brazilian application pending further clarification from GOB through Brazilian Embassy.

Campos acknowledged this and at his suggestion it was agreed that that at request Brazilian Embassy would

END

RUSK

1/32.119/4-3062 7
XP 732.5622

Enclosure to RMJR

2

Drafted by: ARA:EST/B:FHCronin:izc 7/3/62

Telegraphic transmission and classification approved by: EST - Mr. Wellman

Clearances: RPA - Capt. Sharp

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FORM DS-322

1204

INCOMING TELEGRAM *Department of State*

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NUMBERED

Control: 24255
Rec'd: June 30, 1962
3:22 p.m.

59-M
Action
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Info
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RMR

FROM: Rio de Janeiro

TO: Secretary of State

NO: 3082, June 30, 8 p.m.

PRIORITY

ACTION DEPARTMENT 3082, INFORMATION POLAD CINCARIB UNNUMBERED

EMBTEL 2998, DEPTEL 3723

In response persistent Embassy inquiries re status Brazilian Embassy request export license 6T-28 aircraft for Brazilian Navy, Foreign Office Secretary General Bernardes informed us today request should be regarded as inoperative. He said request was not properly coordinated and did not have combined services support and that Foreign Office would have preferred Brazilian Embassy note be withdrawn. In view Embassy's reluctance take such action however Foreign Office had agreed let note stand on understanding Department would be asked defer reply indefinitely. Bernardes said he "earnestly hoped" Department would agree take no action this request until matter could be thrashed out in Council of Ministers once new government formed.

While this is status of matter as of today (Bernardes called Embassy immediately following meeting with Acting Air Minister) have every expectation Brazilian Navy will bring further pressure to bear on Foreign Office to reverse foregoing decision. (In call at Embassy June 22 Brazilian CNO forcefully insisted on right of Navy import aircraft with or without approval Air Minister. Despite latter's statement to contrary reported EMBTEL 2998, law in fact seems to be on Navy side on this point.

(2)

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ACTION ASSIGNED TO:		ACTION TAKEN		
NAME OF OFFICER & OFFICE SYMBOL	EST/B-FHC	DATE OF ACTION		DIRECTIONS TO RM/R

RID 3082

6ST/B. Is okay with me. I believe we should get Rog out to Rio quickly.

Hill 6/30

1205

INCOMING TELEGRAM — Department of State — PERMANENT RECORD COPY

35
Action
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NUMBERED

Control: 24314
Rec'd: June 30, 1962
8:16 p.m.

RIO

AF
INFO:
RM/R FILES

FROM: Rio de Janeiro

TO: Secretary of State

NO: ~~3090~~, July 2, June 30, 7 p.m.

Correction on number issued July 2

ACTION DEPARTMENT 3090, INFORMATION POLAD CINCARIB
UNNUMBERED

EMBTEL 3082.

As predicted reference telegram acting Foreign Minister Archer called me late June 29 to discuss Navy requests that he secure Embassy endorsement issuance export license for aircraft. Archer explained that Navy had gotten Dantas signature on message to Brazilian Embassy Washington by simply referring to material purchased by Navy without disclosing fact that aircraft were involved.

I explained we desired maintain excellent existing relations with both Navy and Air Force, and had firm policy that this issue was for Brazilian Government and not us to determine. He readily acknowledged soundness this policy. Decisive governmental action at this moment even less likely than before and Archer personal position complicated by fact the naval reserve officer. Nonetheless he promised telephone Ambassador Campos asking him to inform Department that response should continue be withheld under present circumstances and also to try to work out some means withdrawing Embassy note.

Please advise correctness our assumption last sentence reference telegram.

GORDON

(2)

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ACTION ASSIGNED TO	ACTION TAKEN	
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

1206

ACTION
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1 A/B

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RECEIVED
DEPT OF STATE

1962 JUL 10 PM 4 27

Washington, July 9, 1962.

Nº 250

Interim reply drafted EST/B:JWWilson 7/18/62
Action transferred AID/LA/B:HDawson per
EST/B:JWWilson:zec 7/18/62

Excellency,

I have the honor to enclose herewith a copy of the "Hercules Justification Report" drawn up by the Ministry of Aeronautics of Brazil with a view to obtaining financial aid for the purchase of five "C130-B Hercules" aircraft in order that more effective assistance be given to the various regions of Brazil and fuller cooperation imparted to long-range programs for economic development especially in the Northeast, where the contrast of poverty is more acute.

2. The aircraft in question will be operated by the "Correio Aéreo Nacional", an organization maintained by the Brazilian Government under the provisions of Article 5, paragraph XI of the Constitution, and will be employed in connection with the following programs:

a) Five year highway construction program of the Ministry of Transportation;

491244

His Excellency Dean Rusk,
Secretary of State of the United States of America.

D
7-10-62

120.7

b) Program of Development and Recovery of the Northeastern Region (SUDENE);

c) Program for Development of the Amazon Region through SPEVEA and its subsidiaries, among which COMARA is charged with the establishment of a network of landing fields and airports in that region;

d) General program for the transportation of foodstuffs, medical and other supplies, and, exceptionally passengers to points that are inaccessible by other means of transportation;

e) Assistance to regions subject to drought and floods;

f) And all cases where operation of the C130-B aircraft, due to its characteristics, is recommended, including additional essential services to hitherto inaccessible areas through the use of air-transportable trailer-type units. These units may be equipped as mobile medical posts and dispensaries, clinical, photographic, chemical and X-ray units and laboratories, also as vaccination centers for combatting endemic diseases in rural areas. These units may further be used to provide educational services.

3. The foregoing would indicate the need for a type of aircraft capable of operating normally from any type of airstrip, including dirt and sand-surfaced runaways, with a large payload, thus permitting the prompt concentration of substantial quantities of foodstuffs, material and heavy road building equipment. The Hercules is therefore an important means of:

1. accelerating Development Plans in order to obtain a rapid growth in the economy of critical areas;
2. relief of the social tensions resulting from the marginal living conditions of the population of the Northeast, Far North and frontiers regions;
3. bringing aid to victims of calamities such as floods, droughts and epidemics.

4. Inasmuch as this type of aircraft was primarily developped for military purposes, the Ministry of Aeronautics of Brazil sought to obtain them through the Military Assistance Program but its request did not meet with success due to the fact that they would be employed in a manner which is not uniquely military.

5. Taking into consideration, therefore, the great interest shown by the Brazilian Government in this aircraft as a means of furthering the economic and social development of Brazil, I would be most grateful for Your Excellency's good offices with a view to studying the possibility of granting financial aid by the proper authorities which would enable the purchase of this aircraft

aircraft by the Brazilian Ministry of Aeronautics.

I avail myself of the opportunity to renew to Your Excellency the assurances of my highest consideration.

Roberto de Oliveira Campos
Brazilian Ambassador

Enc. att
5/

CFLL/clg.

(b)

July 23, 1962

732562

Excellency:

I have the honor to acknowledge the receipt of your note No. 850 of July 9, 1962, with regard to financial aid for the purchase by the Brazilian Ministry of Aeronautics, of five "C 130-B Hercules" aircraft. The information submitted with your note has been transmitted to the appropriate officials of the United States Government for their study of the possibilities for financial aid. You will be informed of the results of their consideration of your request.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Acting Secretary of State:

Harlan C. Hoag

His Excellency

Roberto de Oliveira Campos,

Brazilian Ambassador.

Clearances:

EST - Mr. Burton
RPA - Mr. Spencer
AID - Mr. Dawson
B/PM - Mr. Manning

ARA:EST/B:JJohnson:sec 7/18/62

ARA STS C

JUL 19 1962 PM

FW 732.562 7-1-962

1211

ORIGIN/ACTION

ARA-4

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OSD 12	USIA	NSA 3

DEPARTMENT OF STATE

AIRGRAM

FOR RM USE ONLY

A-78 (NO.) CONFIDENTIAL (HANDLING INDICATOR)

RIO A-78

TO : Amembassy RIO DE JANEIRO

FROM : Department of State DATE: SEP 14 3 11 PM '62

SUBJECT : Brazilian Embassy Note No. 219, June 7, 1962

REF : Deptel 22, July 3, 1962 and previous.

In compliance with an oral request, the Department has returned Brazilian Embassy Note No. 219 of June 7, 1962. The Note under reference requested the Department to expedite the issuance of an export license for six T-28 aircraft for the aircraft carrier Minas Gerais.

You should make the appropriate notation on the copy of the Note forwarded to the Embassy on June 11, 1962.

RUSK

H32.119/6-1162
H732.5622

Downgraded to Unclassified

(2)

CONFIDENTIAL

FORM DS-323 4-62

FOR DEPT. USE ONLY ☐ In ☒ Out

Drafted by: ARA:EST/B:RHPayne:AC 9/13/62

Contents and Classification Approved by: EST - Mr. Wellman

Clearances:

12 12

ORIGIN/ACTION

ARA-4

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OSD	USIA	NSA

DEPARTMENT OF STATE

AIRGRAM

FOR RM USE ONLY

A-95, NO.

CONFIDENTIAL — HANDLING INDICATOR

RIO

TO : Amembassy, RIO DE JANEIRO

Oct 8 10 24 AM '62

FROM : Department of State DATE:

SUBJECT : Export License for T-28 Aircraft

REF : Department's A-73 of September 11, 1962

432.119/9-1462
XR 732.5622

We have been informed by the Office of Munitions Control that the applicant (International Aircraft Services) for an export license for T-28 aircraft to Brazil has withdrawn its application. This action would appear to close this case for the present.

BALL (ACTING)

(2)

Microfilmed by RMIB

CONFIDENTIAL

FORM DS-323 4-58

FOR DEPT. USE ONLY
☐ In ☒ Out

Drafted by: ARA:OSC/E:DeBrunetville 10/4/62

Contents and classification Approved by: EST - Mr. Wellman

Clearances: MC - Mr. Meyers (substance)
PPA - Mr. McLean

1213

ORIG. M/A DON

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ARMY 5	CIA 10	NAVY 5
OSD 12	USIA	NSA 3

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Copy No(s) 6 Destroyed in RM/R Name E.E. Date 1/30/63

DEPARTMENT OF STATE

AIRGRAM

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732.5622/10-562

FOR RM USE ONLY

A-391 NO. SECRET XR-732.5 HANDLING INDICATOR

811.0032

TO : DEPARTMENT OF STATE 1962 OCT 6 PM 2 37

PASS POLAD Cincarib

Panama (POLAD CINCARIB) 7

COPY NO. 1 SERIES A

FROM : AmEmbassy, RIO DE JANEIRO DATE: October 5, 1962

SUBJECT : Country Team Assessment of GOB Request for Purchase of Five C-130 Lockheed Hercules Aircraft

REF :

This document consists of 5 pages.
Number of copies, Series

The Government of Brazil, through the Ministry of Aeronautics, has requested a loan of US$15 million to finance the purchase of five C-130 Lockheed Hercules aircraft.

The country team assessment of the proposal has been requested to assist Washington agencies in evaluating the need for Brazilian air transport modernization and augmentation of capacity in the light of overall economic development and military requirements. This assessment is to include an indication of the relative priority of the project vis-a-vis other economic and military requirements and a statement of views on the appropriate funding source among AID, MAP credits, MAP grants, or other funds.

COUNTRY TEAM POSITION

The country team supports the request for financing assistance. Considered in relation to the present political situation in Brazil and to the country's overall military and economic development needs, it should be given some priority.

RELATION TO MILITARY ASSISTANCE NEEDS

The acquisition of C-130 aircraft will significantly enhance Brazil's internal security capabilities.

The vast size of the country and the extreme inadequacy of existing transportation facilities present serious impedi-

FILED JAN 1963

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FORM DS-323 4-62

FOR DEPT. USE ONLY In Out

Drafted by: The Ambassador/JWHowe/JCDierfenderfer-vsk

Contents and Classification Approved by:

Clearances: JBUSMC-MINECON-POL-Rhea CAAD (in draft)

SECRET

ments to effective action on the part of the armed forces in the event of civil disorders. Main trunk roads between the major population centers are only partially paved. They are regularly impassable in bad weather. The roads into interior regions with substantial population concentrations are either minimal or non-existent for all practical military purposes. Rail transport facilities and the transport capacities of the Brazilian Navy and merchant marine are completely unsatisfactory by any standard. Present air transport capabilities of the Brazilian Air Force are likewise limited and inadequate to handle major crises. Existing aircraft are of obsolete types, with heavy maintenance requirements, having limited range and pay-load capacities. They require paved runways and are unsuited to the rapid movement of significant quantities of troops and equipment from one major region to another and especially into interior areas.

Acquisition of C-130's by the Brazilian Air Force would be fully consistent with our present concept of gaining acceptance by Brazil's Armed Forces of establishing and maintaining small, effective, highly mobile units. Such aircraft would measurably augment the capacity of the Army and Air Force to maintain internal security. There are no other facilities or items of military equipment which could be provided which would result in a comparable immediate and large-scale increase in internal troop mobility.

RELATIONSHIP TO ECONOMIC DEVELOPMENT NEEDS

The Ministry of Aeronautics operates the National Air Mail Service (Correio Aereo Nacional). In the absence of adequate road, rail or river facilities in the interior, air transport provides the sole effective means of transporting goods, equipment, and passengers to and within large sections of the country. A great part of the areas in which CAN operates are not served by civilian airlines. The C-47 and C-54 aircraft presently used by CAN are obsolescent, uneconomical, and rapidly becoming hazardous even in terms of liberal safety standards.

A fundamental requirement in the economic development of Brazil is major infrastructure improvement in transport and communications. To take maximum advantage of Brazil's productive potential, in natural resources, in agriculture, and in industry, the movement of food products and manufactured items between and within regions must be very substantially improved. Undeveloped and underdeveloped areas must be opened.

In Brazil, air transport offers a presently feasible means of immediately accomplishing a significant betterment of inter- and intra-regional communications. It does not eliminate the long-term need for the extension and improvement of other transportation facilities. However, while admittedly it is expensive and does involve an element of Government subsidy, it does enable development to pro-

SECRET

ceed while these other networks are being extended.

Although the country team cannot envision the need for employment of the C-130 aircraft in connection with the national highway program, it is considered that they will provide important and immediate support to economic and social development in the following ways:

(a) Regular movement of cargo and of some passengers to and from interior regions.

(b) Rapid transport of emergency assistance to regions affected by droughts or floods.

(c) Transport of medical teams, equipment, and facilities into otherwise inaccessible areas.

(d) General assistance to key regional development programs, such as the Northeast (SUDENE), the São Francisco Valley (CVSF) and the Amazon (SPVEA), in the transport of machinery and equipment into the interior.

Although fully rehabilitated transport planes of other, older U.S. types (such as DC-4 and DC-6 aircraft) can be purchased at a substantially lower cost per unit, it is believed that acquisition of such equipment in lieu of C-130's will not be economical and a sound investment in the long-run and will not provide comparable capacities. The Ministry of Aeronautics' study presented in justification of the loan request adequately documents this point. Significant disadvantages of such aircraft include:

(1) Heavier (more costly and extensive) maintenance requirements with consequently lower utilization factors; higher operating costs per ton-mile.

(2) Inability to operate from unpaved airstrips, thus restricting the areas in which they can immediately be used and requiring major capital expenditures for future airport construction.

(3) Lower payload capacities, shorter ranges, and more difficult loading arrangements.

In the light of these considerations, C-130 aircraft would measurably add to Brazil's overall economic and social development capabilities. A comparable improvement in transport and communications facilities between regions and into interior areas could not be achieved in the near-term future by other measures. We understand an evaluation of the economic factors is being prepared by COCAP.

POLITICAL (Personal statement by the Ambassador)

I believe that political factors strongly support the above-mentioned military and economic considerations leading to an affirma-

SECRET

tive recommendation on the Brazilian Air Force request for assistance in securing five C-130's. The vast majority of FAB officers are now friendly to the United States, and it is most important that this attitude be maintained. With a gradually shrinking inventory of largely obsolete or obsolescent aircraft, the FAB will have in the near future to find some modern types somewhere to carry out the combined mission of internal security, cooperation with the Army in patrolling the large land frontiers, and contributing to civilian transport and social and economic development, especially in the North and Northeast. (On my recent visit to the thinly-populated Amazon region, I was deeply impressed with the vital function of the FAB in carrying essential supplies and personnel, e.g., for health and emergency food needs, as well as for developmental purposes in this huge area where ground transport is impossible and river transport is seasonally limited, very slow and often precarious.) The political standing of the Air Force in the general Brazilian scene is such that they are bound to secure funds and policy decisions for some kind of airdraft modernization from one source or another. I believe it highly important that that source continue to be the United States. We cannot discount the danger of a possible Soviet offer in this field. If these were purely prestige items, with no useful function, I would have serious reservations on the wisdom of providing assistance, but I understand that the C-130 is in fact very well adapted to its proposed function under Brazilian conditions of terrain and airstrip availability. Our assistance should have a major favorable impact on the maintenance of the FAB's friendly attitudes toward the United States. At the same time, advantage can be taken of the offer to negotiate a more rational use of other FAB aircraft.

Other recent messages have described the general position of the Armed Forces in the Brazilian scene. I will only repeat here in summary that under current conditions they may be an indispensable element in maintaining democratic institutions in this country and a political orientation favorable to the free world.

SOURCE OF FUNDS

Because the justification for these aircraft is a combination of political, economic and military factors, it appears that either military or economic funds would be an appropriate source. We are willing to be guided by Washington's advice in this respect. We suggest that there are at least three alternatives:

(1) It may be that the EXIM Bank would be willing to make a loan for these aircraft out of the existing $35 million line of credit. Mr. Linder, in a conversation with the Ambassador in August, had indicated that EXIM would be willing to make individual project loans to use up this line of credit. It is requested that this source be explored. In this connection, the project fits into the U.S. export drive which has recently been reemphasized as an urgent item of overall policy.



Rio A-391

(2) It may be that the President's waiver power could be exercised in order to lift the $57 million Latin American MAP ceiling. This would be an ideal source for these funds if such a waiver were possible.

(3) Subject to the receipt of a favorable COCAP analysis and to the availability of funds, we would be willing to develop and submit to Washington through AID channels a development loan for this project since there is no question of the economic utility of these planes.

We would appreciate advice from Washington as soon as possible on this project. We would be happy to supply any additional information that might be required to obtain expeditious action.

Lincoln Gordon
American Ambassador

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CONFIDENTIAL NUMBERED

Control: 5301
Rec'd: October 6, 1962
10:52 a.m.

FROM: USAIRA Rio de Janeiro Brazil

TO: Secretary of State

NO: 061130Z October

ACTION CSAF WASH DC, INFORMATION STATE DEPARTMENT, 1127 USAF FAG FT BELVOIR VA, CINCARIB ALBROOK AFB, CONUSAIRCARIB.

C-53

USAF FOR AFCIN.

Message in three parts.

Part one.

Air Minister Reynaldo asked Chief Staff Brazilian Air Force to discuss the following sensitive matter with Air Attache. Met with Chief Staff late afternoon 5 October and he informed Brazilian Navy has dispatched the BARROSO PEREIRA Navy transport on a secret mission to US. According to their report ship is to dock in New York area on or about 8 October. To remain about 2 days. Brazilian Air Attache Washington informed Chief Staff here that their Ambassador in Washington had not been informed of thesis Navy Mission also Brazilian Naval Attache Washington refused to give information. Air Minister and other senior officers BAF greatly concerned over the possibility that Brazilian Navy transport could pick up T-28 aircraft that were purchased by Brazilian Navy several months ago in US. Even though the export license was withheld at request by GOB. BAF realize this remote possibility but uneasy about secret mission being conducted by Brazilian Navy.

Part two.

Advise soonest any information available concerning this matter.

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NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

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Air Force

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Department of State

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Control: 6133
Rec'd: October 8, 1962
4:18 p.m.

AM 5 55

FROM: 1127th USAF FLD ACTYS GP FT BELVOIR

ACTION:
INFO:
RM/R FILES

TO: Secretary of State

NO: 081624Z, October (AIR FORCE MESSAGE

ACTION USAIRA RIO DE JANEIRO, INFORMATION STATE DEPARTMENT, CINCAIRIB, COMUSAIRCARIB, CSAF WASH DC,

AFCIN -1A2-C-1208

CSAF ATTN AFXPD

Reference: Your C-53

Message in two parts.

Part I.

State Department has advised that, at request of GOB export license will not be issued. No further action to be taken unless GOB revalidates request. No further information available regarding mission of Brazilian Navy transport. You will be advised if any additional information this matter becomes available.

Part II.

Additional requests this matter should be addressed to CSAF, ATTN AFXPD.

SCP-4.

LTR/14

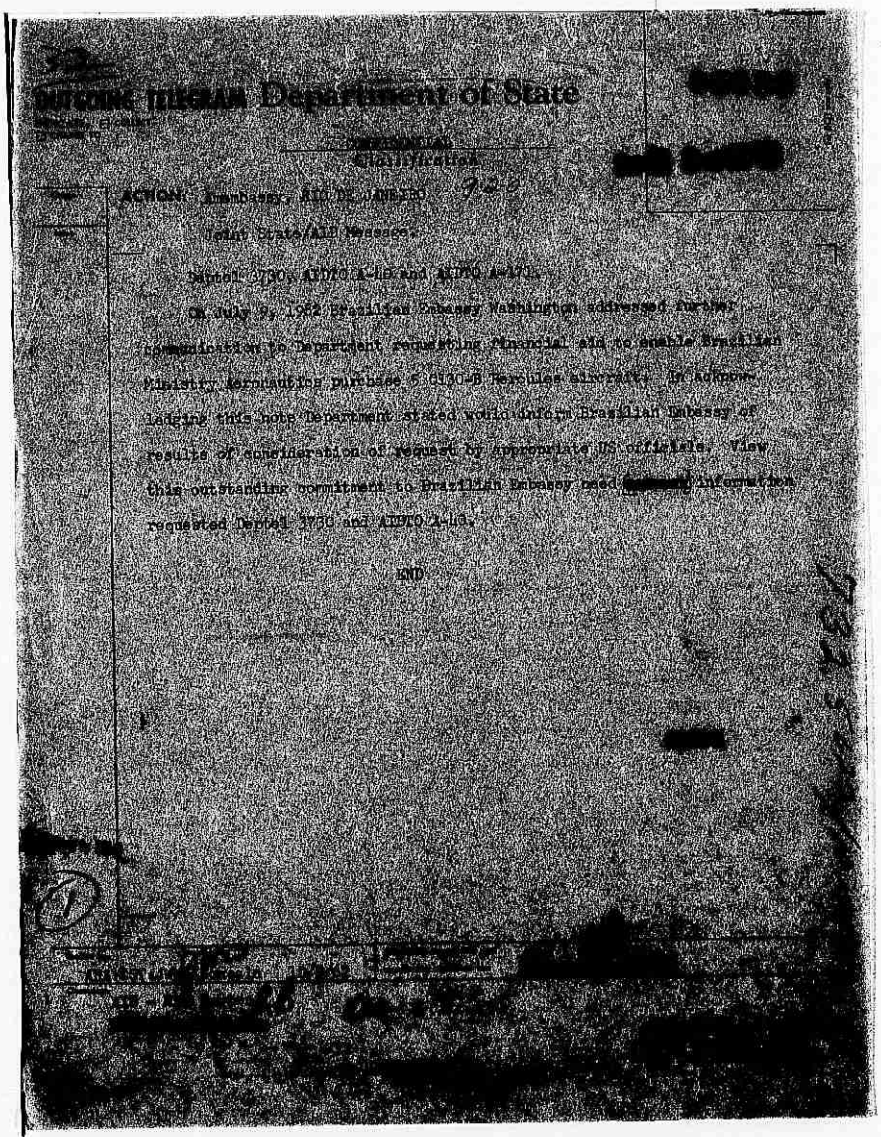
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1220



Department of State

Classification

ACTION: Embassy, Rio DE (AMB)

Info: State/AID Messages

Refs: 3730, AIDTO A-185 and AIDTO A-186

On July 9, 1962 Brazilian Embassy Washington addressed further communication to Department requesting financial aid to enable Brazilian Air Force Commission purchase C-130-B Hercules aircraft. In acknowledging this note Department stated would inform Brazilian Embassy of results of consideration of request by appropriate US officials. View this outstanding commitment to Brazilian Embassy need [redacted] information requested Deptel 3730 and AIDTO A-185.

END

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INCOMING TELEGRAM *Department of State*

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NUMBERS RIO

Control: 10324

Rec'd: October 12, 1962
7:45 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 828, October 12, 4 p.m.

JOINT EMBASSY/USAID MESSAGE

Subject C-130 Hercules Aircraft

Reference: A) DEPTEL 920, B) A391

Requested info supplied reference B.

GORDON

RAM

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10/16 - 2 cys

732.5622/10-1262

FILED
Nov 5 9 56 AM '62

Declassified by AID/W

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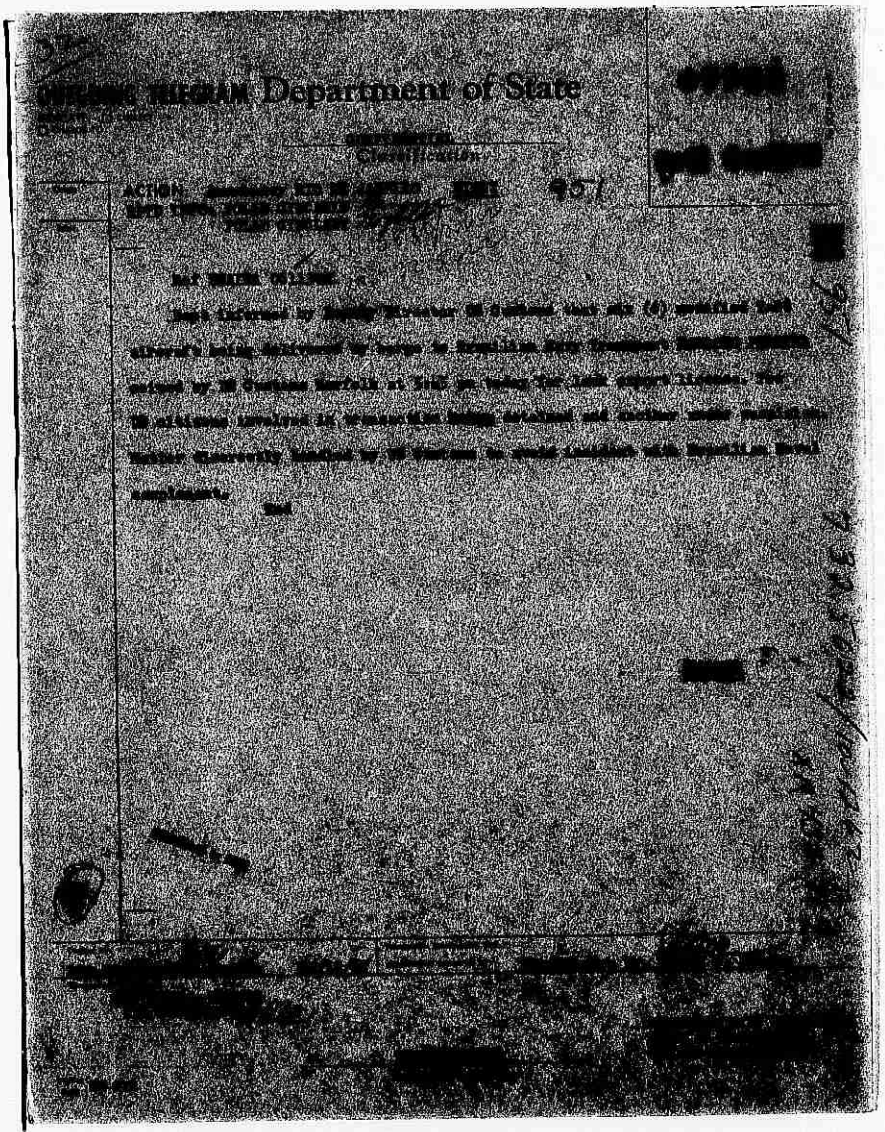
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TELEGRAM Department of State

Classification

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INCOMING TELEGRAM *Department of State* ACTION COPY PERMANENT RECORD COPY

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Control: 11641
Rec'd: October 15, 1962
6:40 p.m.

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FROM: Rio de Janeiro

TO: Secretary of State

NO: 850, October 15, 5 p.m.

PRIORITY

ACTION DEPARTMENT 850, INFORMATION POLAD CINCARIB 12, POLAD CINCLANT UNNUMBERED.

DEPTEL 951

It occurs to me useful purpose might be served in bringing incident reported REFTEL to attention President Goulart as evidence dangers continued failure resolve Air Force-Navy squabble over embarked aviation. Air and Naval Attaches and General Mather concur. Since I expect see Goulart October 17 and 18 would appreciate Department's reaction soonest. Repeat reply Brasilia.

GORDON

TRT

Mr. Rickow

RIO 850

732.5622/10-1562

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GPO 930 800

1224

OUTGOING TELEGRAM Department of State

CONFIDENTIAL
Classification

ACTION AMEMBASSY RIO DE JANEIRO 978
INFO: AMEMBASSY BRASILIA 24
CHAD TRANSMIT
ROUTINE

[redacted]

Subject: [redacted] Customs Seizure Aircraft being Operated by Brazilian Naval Officer; Embassy Efforts Thereon.

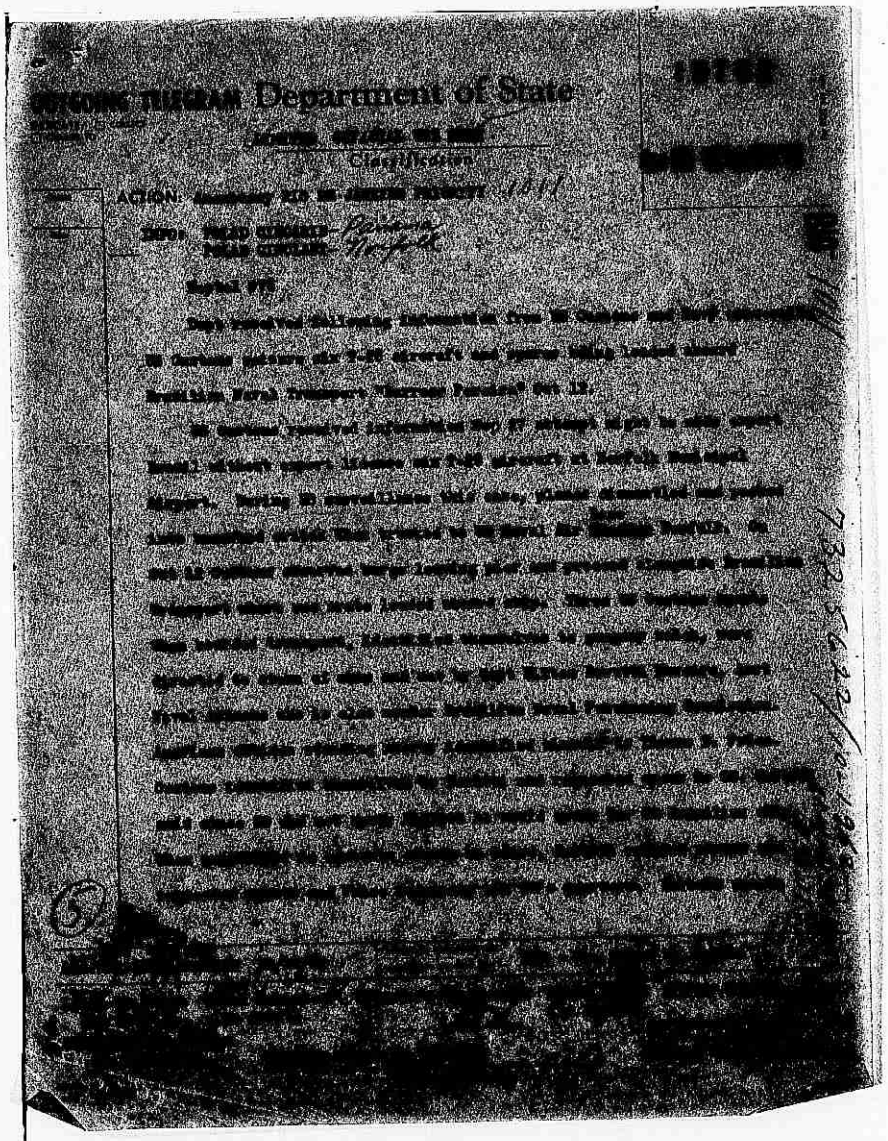
Ref: A. [redacted]

B. Brasilia Embassy telegram 23

Attorney Ambassador Lawyer has indicated informally that he reported to Pandiá that U.S. Customs Service appeared justifiably irritated [redacted] Naval Attaché Reptil who was supervising attempted sending of shipment from [redacted] and other [redacted] alleged to U.S. Navy officials Washington that he [redacted] detained illegally by Customs Officers Recife who believed Brazilian Navy ship illegally. He [redacted] was sending [redacted] Customs and U.S. Navy reports of incidents. We believe that for present extremely [redacted] no request no initiative disposal matter with Brazilian officials including Presidency Contact and avoid if possible any comment on [redacted]. Should Brazilian officials bring matter up Embassy comment should be limited to (1) stating seizure of aircraft was simple matter of U.S. Customs in enforcing U.S. customs laws in accord export license which Ref B request now requested by GOB, (2) explaining what [redacted] should have written. Believe any attempt go further now risk involvement [redacted] rivalry of Ambassador vs. naval relations with Brazilian Navy between superiors [redacted] Approach our part to top Brazilian Navy officials [redacted] would create [redacted] [redacted] [redacted] [redacted]

[redacted]

1225



Department of State

CONFIDENTIAL

ACTION:

INFO:

(6)

1226

LIMITED OFFICIAL USE CHRX
Classification

requested US Naval civil service employees stop loading. Shortly after joining CG, group joined by representative fifth Naval District in CO's cabin, where Berutti and Price indicated contract/signed by Berutti, representing Brazilian Navy, with sale Oct 10 International Aircraft Services, Inc. to purchase aircraft for $276,000 [redacted]. Berutti stated he did not have/license. Price stated UE export he made application for license but was told by Berutti withdraw application as license not needed to cover aircraft for Brazilian Navy. Price further stated that in addition to aircraft, spares valued at $87,000 also being loaded. Crate which was on board transport and crates containing aircraft and spares on barge now under seizure by US Customs at Norfolk Naval Air Base for failure obtain export license.

FYI - Capt Berutti has alleged to representatives Fifth Naval District and Vice Chief Naval Operations that US Customs infringed on immunity Brazilian warship in US port under diplomatic clearance and that he and CO Brazilian Transport were treated discourteously by US Customs Agents. While there appears be no question violation US laws and export control regulations by Berutti and Brazilian Navy, question arises whether US infringed sovereign immunity Brazilian warship. [redacted] This not ascertainable without careful investigation and examination somewhat conflicting versions of incident. Dept hopes case can be amicably resolved without having contest facts or issues with Brazilians, who have as yet made no approach through diplomatic channels. We intend send note promptly to Brazilian Embassy making following points:

LIMITED OFFICIAL USE [redacted]
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LIMITED OFFICIAL USE
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1. Courteously express regret incident occurred, but make no US apology or assumption blame.

2. Inform Brazilian Emb that GOB may submit petition to Sec Treasury as first step toward obtaining delivery aircraft involved.

3. State that, should GOB desire, Dept willing approve export license upon receipt diplomatic note from GOB (similar note submitted June 7, 1962 and subsequently withdrawn Sep 13, 1962) requesting same. END FYI.

You are requested see that Ministry Fern Affairs and Ministry Marine informed facts outlined above and that assurances are given that there was no intention by US Customs officials, in discharging their responsibilities, to show disrespect towards ship Brazilian Navy or discourtesy to Commanding Officer "Barroso Pereira". In Amb discretion, Fornoff may also be informed that Dept intends send note Brazilian Emb along lines stated above.

END

RUSK

LIMITED OFFICIAL USE
Classification

1228

NATIONAL FORM NO. 10
5010-106

UNITED STATES GOVERNMENT

Memorandum - OFFICIAL USE ONLY

TO : Mr. The Files

DATE: October 22, 19 2

FROM : ARA - Mr. Wellman

SUBJECT: US Customs Seizure of T-33 Aircraft and Spares Destined for the Brazilian Navy.

Mr. Wellman called on October 15 upon Minister Duclos of the Brazilian Embassy for the following purposes:

1. To give him information received from the United States Customs Service and the Navy concerning the seizure (attached unofficial statement was left with Minister for his convenience).

2. To inform the Minister that our Embassy in Rio had been instructed to provide the same information to the Ministry of Foreign Affairs and the Ministry of Marine and to assure them that there had been no intention in enforcing United States export control regulations to give offense to any Brazilian official or to the dignity of a Brazilian Navy ship and that if within United States officials had done more so intemperately it was to be regretted.

3. To inform the Minister that the Department intended to send soon to the Brazilian Embassy a note expressing regret for the occurrence, that the Brazilian Government might submit a petition to the Secretary of Treasury as a first step in obtaining delivery of the aircraft involved and that should the Brazilian Government submit an application for an export license, the Department of State would be willing to approve it.

Mr. Duclos said that he had just concluded a discussion of this matter with the Brazilian Navy representatives here. They were particularly concerned over two points:

1. That the Customs Officers had entered a Brazilian Navy ship without authorization, that this had been noted by officers and crew of the ship who might inform their families and that this might cause ill will against the United States just at the time of the President's visit.

2. That the Customs had seized not only the crates being loaded but also other crates on the dock which they felt were not subject to seizure.

Mr. Duclos said that the Brazilian Navy representatives wished the Embassy to protest to the Department. He said that he wished to avoid this and had pointed out to the Brazilian Navy representatives that this in itself would create increased risk of bad feeling resulting from the incident. He and the Ambassador hoped, therefore, that the incident could be closed

OFFICIAL USE ONLY

ARA:EST:HRWellman:alc

432.11 35/10-2262
XR-732.5622

1229

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November 13, 1962

Dear Mr. Nichols:

I refer to the seizure made by the United States Customs on October 12, 1962 at Norfolk, Virginia, (File: 26-46) of T-28 aircraft, lubricating oil, and aircraft spare parts, which the Assistant Brazilian Naval Attaché attempted to export from the United States aboard the Brazilian Naval Transport "Barroso Pereira" without an export license and which is in the custody of the United States Customs at Norfolk.

At an inter-departmental meeting held on October 17, 1962 to discuss the problem, Mr. Chester A. Bamish, Deputy Commissioner of Customs, stated that, under United States Customs laws and regulations, the material seized must be considered as property of the United States Government and can be recovered by the Government of Brazil only by obtaining from the Secretary of the Treasury a remission of the penalty of forfeiture which has been imposed.

In order to avoid any further embarrassment to the Brazilian Government, it was agreed at the meeting that this Department would inform the Brazilian Embassy that the petition of remission could be filed by the Brazilian Government in the form of a diplomatic note and that this Department would intercede with the Secretary of the Treasury for remission of the forfeiture penalty and subsequent release of the material in question to the Government of Brazil.

This Department is now in receipt of a diplomatic note dated October 26, 1962 (a copy of which is attached) from the Brazilian Embassy in which the Department of State is requested to use its good offices with the Secretary of the Treasury in securing on behalf of the Brazilian Government remission of the forfeiture penalty applicable to the seizure.

In view of the strong political implications of the problem and our desire to maintain the good relations that exist between the United States and the Government of Brazil, it is hoped that the

732.56222/11-1362
AR 4/11.32 2

The Honorable
Philip Nichols, Jr.
Commissioner of Customs,
Department of the Treasury.

[Determined by NARA]

(2)

ARA:RPA/S:AFMcBean



Secretary of the Treasury will accept the attached note in lieu of the petition required by Section 618 of the Tariff Act and will respond favorably to the request of the Brazilian Government.

Sincerely yours,

Herbert K. May
Deputy Assistant Secretary
for Inter-American Affairs

Enclosure:

A copy of note
No. 388/539.40 (22)
dated October 24, 1962
from the Brazilian
Embassy.

cc: Amembassy RIO DE JANEIRO held in RPA/S
POLAD CINCARIB held in RPA/S

ARA:RPA/S:AFMcLean:hjb 11/5/62

EST/B-Mr. Crane
DOD/ISA/WH-Mr. Rogers (in substance)

1231

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CORRECTION ISSUED: 11/16/62, 4:15 pm -- RAS

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Control: 5500
Rec'd: November 15, 1962
3:33 p.m.

FROM: Rio de Janeiro - CORRECTED COPY

TO: Secretary of State

NO: 964, November 15, 11 a.m.

DEPARTMENT PASS POLAD CINCARIB FOR INFORMATION.

Reference: A-391 732.5622 / 732.5

Reliable source told Air Attache Brazilian Air Force plans joint army-air counter-insurgency training program including large joint exercise during 1963. Consider counter-insurgency program promising move. Separately Air Minister asked status of C-130s. Would appreciate advice.

GORDON

LTR/14-RAS

NOTE: RELAYED TO CINCARIB POLAD 11/15/62.

NOTE: CORRECTION RELAYED TO CINCARIB POLAD 11/16/62.

RS RIO 964

732.5622/11-1562

(1)

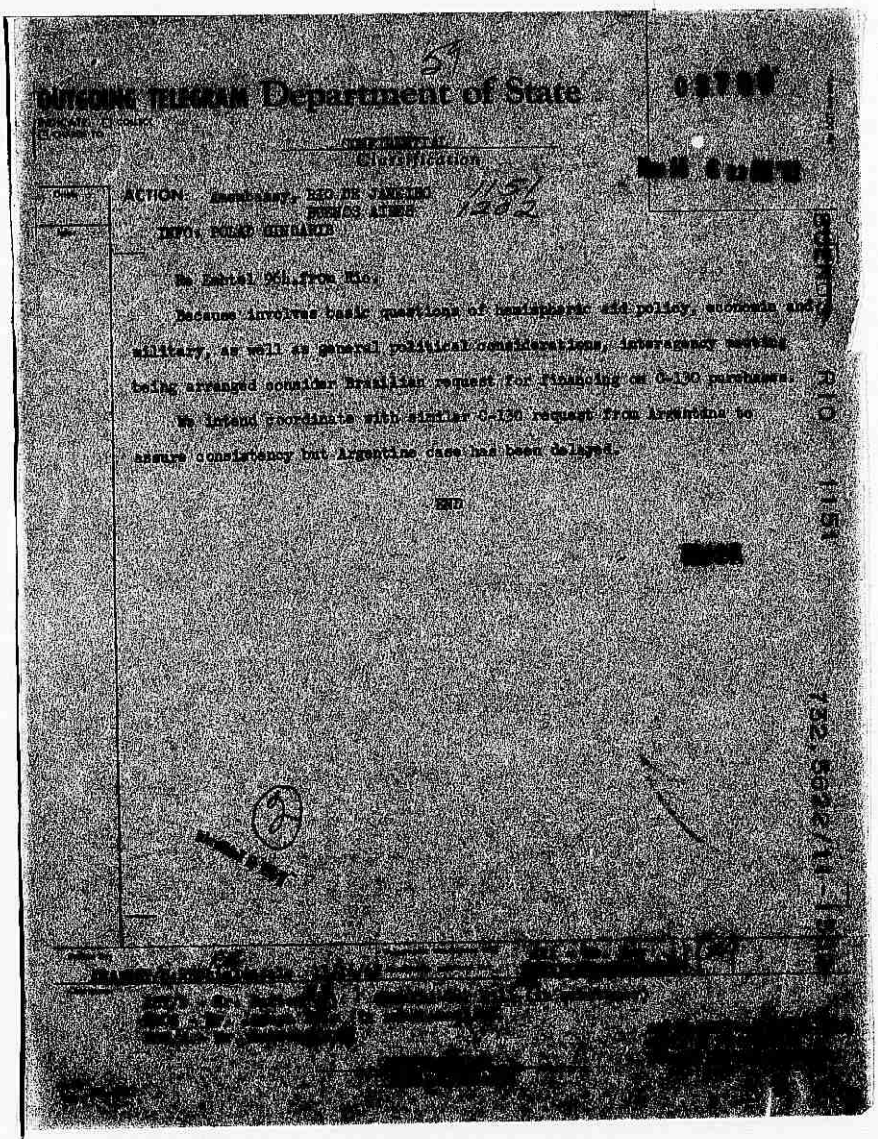
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ACTION ASSIGNED TO:	ACTION TAKEN	DIRECTIONS
NAME OF OFFICER & OFFICE SYMBOL: RM/R Miss Giles F57/B	DATE OF ACTION: 12-12-62	TO RM/R: File

advised given during Ambassador's courtesy call



OUTGOING TELEGRAM Department of State

Classification

ACTION: Secretary RIO DE JANEIRO

INFO: ROAD MIAMI

Re Embtel 95 from Rio.

Because involves basic questions of hemisphere aid policy, economic and military, as well as general political considerations, interagency meeting being arranged consider Brazilian request for financing on C-130 purchases.

We intend coordinate with similar C-130 request from Argentina to assure consistency but Argentine case has been delayed.

END

1233

32

OUTGOING TELEGRAM Department of State

INDICATE: ☐ collect ☐ CHARGE TO

CONFIDENTIAL
Classification

04066

Nov 19 12 00 PM '62

Origin

ACTION: AmEmbassy, RIO DE JANEIRO 1156

Info:

BRazilia

Ref: /WEEKAS 42 and 43.

Prospect Brazilian Air Ministry procurement Polish helicopters and possible establishment helicopter production facilities in Brazil, has caused [redacted] concern among Washington agencies. If project involves military equipment, this would represent first significant breach US objective exclude Bloc military equipment and technicians from OAS member countries.

Would appreciate your earliest assessment seriousness and implications of this proposal and comments on following points: What can you tell us about nature equipment and proposed use? Is proposal likely to be consummated? If so, would approach to GOB pointing out political dangers accepting military ties with any Bloc [redacted] country, particularly dependence spares, etc., and danger of "technicians" as agents for subversion, be likely to be effective in dissuading GOB consummating deal? What would US need to offer in return? If manufacturing facilities are to be established, would they be of military nature or readily convertible to military uses? Would such manufacturing facility envisage presence large number Soviet Bloc technicians for its construction and operation?

END

[redacted]

RUSK

(4)

Drafted by: ARA:EST:PCrane:mlb 11-15-62

Telegraphic transmission and classification approved by: ARA - Mr. Martin

Clearances:

EST - Mr. Wellman

REA - AID:AA/PC - Mr. Wolf; Mr. Tan; AID/AA/LA - Mr. Harrison

DOD/ISA - [redacted]; G/PM - Col. Robinson

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CONFIDENTIAL
Classification

FORM DS-322

1234

75

INCOMING TELEGRAM *Department of State*

ACTION COPY
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54

CONFIDENTIAL

Action
ARA

Control: 8039
Rec'd: November 21, 1962
5:08 p. m.

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FROM: Buenos Aires

TO: Secretary of State

NO: 1313, November 21, 5 p. m.

ACTION DEPARTMENT 1313 INFORMATION RIO DE JANEIRO 74, POLAD CINCARIB 129

Re final clause Department telegram 1151 sent Rio de Janeiro repeated Buenos Aires 1202, I spoke today with Air Secretary Pereyra and Commander in Chief Argentine Air Force Alsina. They indicated there had been no delay on Argentine side in renegotiation contract with Lockheed. Pereyra indicated there was enough money laid down already to finance practically entire purchase cost of first C-130. In consequence, if there has delay as indicated reference telegram, we should appreciate indication where matter lies.

MCCLINTOCK

MGG/3

Buenos Aires 1313, 732.5622/11-2162

FILED
JAN 29 1963

Crossed Deptel 1222 Nov 21

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ACTION ASSIGNED TO:	ACTION TAKEN	
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R
Esth-Economic	11/26/62	File Copy

GPO 930 500

1235

ORIG. IN A. FOR ▸ ARA 4

RM/R	REP	AF
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ARA	EUR	FE
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CF(3)

29

DEPARTMENT OF STATE

AIRGRAM

55

732.5622/112362

FOR RM USE ONLY

A-581 (NO.) — LIMITED OFFICIAL USE — XR - 411.3235 (HANDLING INDICATOR)

TO : SecState WASHINGTON 1962 NOV 29 AM 8 12 432.119

INFO : POLAD/CINCARIB; POLAD/CINCLANT

RECAN ANALYSIS & DISTRIBUTION BRANCH

FROM : AmEmbassy RIO DE JANEIRO DATE: November 23, 1962

SUBJECT : U. S. Customs Seizure of T-28 Aircraft Destined for Brazilian Navy.

REF : Deptel 1011. ARA

file ARA/EST/B no action 12-18-62 R. Burton

The Department's telegram was received on the eve of the Cuban crisis. In its aftermath, which has wrought an extra strain on current US-Brazilian relations and accentuated Brazil's very delicate political-economic situation, practically all contact between the Ambassador and the Prime Minister, and between other high-level Embassy and Foreign Office officials, has been confined to urgent matters of highest priority in the interests of United States national security.

Under these circumstances, and in the absence of any allusions by Brazilian officials here to the seizure, it has been the Embassy's judgment that any mention on our part of the incident--which sprang from deeply-rooted Air Force-Navy jealousies--would be counterproductive. We have felt over the past month that mention of the seizure question at the ministerial level would be inopportune and that mention of it at the working level would be embarrassing to lesser Brazilian officials and would leave us open to the accusation of meddling in internal Brazilian affairs. (Responsibility for the solution of the basic problem, of course, rests with the President of Brazil.)

The Embassy therefore request, with the concurrence of the Service Attaches, that it be excused from carrying out the instructions contained in the last paragraph of the Department's telegram and recommends that we rely entirely on the Department's courteous and accommodating note to the Brazilian /Embassy/

FORM 4-62 DS-323

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Drafted by: POL:CCCarson/rstp

Contents and Classification Approved by: DCM - Minister Bond

Clearances: POL - Mr. Keppel in draft; NAVATT - Captain Ireland; AIRATT - Colonel Kalb RAR



Embassy as the best possible means of alleviating Brazilian chagrin in the matter.

For the Ambassador:

Charles C. Carson

Charles C. Carson
Second Secretary

1237

ORIGIN/ACTION		
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15

DEPARTMENT OF STATE

AIRGRAM

FOR RM USE ONLY

A-188 NO.

LIMITED OFFICIAL USE

HANDLING INDICATOR

TO : Amembassy, RIO DE JANEIRO

DEC 14 6 15 PM '62

FROM : The Department of State DATE:

SUBJECT : U. S. Customs Seizure of T-28 Aircraft Destined for Brazilian Navy.

REF : Rio's A-581, DEPTEL 1011

732.5622/11-2362

In view considerations noted in Embassy's A-581, Department agrees action requested in DEPTEL 1011 should not be taken.

BALL, ACTING

Declassified by NSC

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FORM DS-323 4-62

Drafted by: ARA:EST/B:RMShieldgrin 12/13/62

Clearances: ARA:EST/B - Mr. R. Burton RB

Contents and Classification approved by: ARA:EST - Mr. Mellman

ARA/RPA - Mr. McLean

(In substance) OSD/ISA-Mr. R. [illegible]

RIO A-188 732.5622/11-2362

1238

32

INCOMING TELEGRAM *Department of State*

ACTION COPY

PERMANENT RECORD COPY

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CONFIDENTIAL

Control: 12102
Rec'd: NOVEMBER 30, 1962
1:29 PM

Rio 1056

5 Action
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FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 1056, NOVEMBER 29, 7 PM

ACTION DEPARTMENT 1056, INFORMATION POLAD CINCARIB 18.

DEPTEL 1156.

1. COUNTRY TEAM FULLY SHARES WASHINGTON CONCERN HELICOPTER DEVELOPMENT WHICH PART GOULART ADMINISTRATION'S POLICY RAPPROCHEMENT WITH SINO-SOVIET BLOC. IN VIEW RUMORED POSSIBILITY SIGNING BRAZILIAN-POLISH AGREEMENT CONNECTION CURRENT VISIT HERE POLISH MINISTER FOREIGN TRADE, I HAVE FELT JUSTIFIED MENTIONING SUBJECT AT HIGH LEVEL GOB POINTING OUT POLITICAL DANGERS ALONG LINES REFERENCE TELEGRAM. NOVEMBER 27 CONVERSATION MINISTER AERONAUTICS REPORTED SECOND PARAGRAPH. NOVEMBER 28 CONVERSATION GOULART ALREADY REPORTED SEPARATE MESSAGE.

2. AIR MINISTER RESPONDED DEFENSIVE MANNER, NOTING DEAL NOT YET CONSUMMATED. SAID US EQUIPMENT PREFERABLE BUT BECAUSE LACK DOLLAR CREDITS AND US AND WESTERN EUROPEAN RELUCTANCE PROVIDE SAME IMPOSSIBLE GOB OBTAIN HELICOPTERS THOSE SOURCES. CONFIRMED GOB PLANS PROCURE 1002-PLACE POLISH SM-1 HELICOPTERS (SOVIET MI-1 TYPE) OVER THREE-YEAR PERIOD. STATED PRESENT NEED ABOUT 40. OF THESE THREE ALLOCATED TO PETROBRAS, THREE FOR SAN FRANCISCO HYDRO-ELECTRIC AUTHORITY, THREE FOR USE IN STATE OF GOIAS (PURPOSE NOT SPECIFIED) AND REMAINDER FOR ARMY SUPPORT AND FAB SEARCH AND RESCUE WORK. CLAIMED COST WOULD BE APPROXIMATELY 70 TO 80 THOUSAND DOLLARS EACH, ALL PAID IN OTHERWISE UNSALABLE COFFEE, AND THAT COMPARABLE CRAFT IN US AND WE WOULD BE TWICE TO THREE TIMES AS MUCH. ARGUED THAT IN FACT TRANSACTION WOULD COST BRAZIL NOTHING SINCE EXCHANGE FOR SURPLUS COFFEE. (MINISTER, HINTING AT CRAFT THIS INSTANCE, MENTIONED THAT

(5)

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ACTION ASSIGNED TO:		ACTION TAKEN	
NAME OF OFFICER & OFFICE SYMBOL		DATE OF ACTION	DIRECTIONS TO RM/R

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232.5-62
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1239

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PERMANENT RECORD COPY

INCOMING TELEGRAM *Department of State*

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LIMITED OFFICIAL USE

Control: 1776
Rec'd: December 4, 1962
9:02 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1081, December 4, 9 p.m.

PRIORITY

ASSISTANT SECRETARY MARTIN FOR AMBASSADOR GORDON

Embassy telegram 1056

In departure statement to press on December 3 Polish Foreign Trade Minister Witold Trampczynski expressed self highly pleased with his visit last week and conclusion Brazilian-Polish commercial agreements providing Polish credits to value $26 million for installation by Polish enterprise Cepok 200,000 kilowatt thermoelectric power station in state of Rio Grande do Sul and $7.5 million for sale 50,000 tons Polish rails to Federal Railway network. (Embassy reporting details by airgram).

Today's Rio press also quotes Minister as having remarked on same occasion that proposed deal trade 100 helicopters for coffee not consummated, saying matter rest entirely with GOB. He asserted Poland prepared furnish helicopters at one-half asking price any other world manufacturers.

Comment: Friendly Foreign Office source says thermoelectric contract was rushed to completion late Friday night at personal insistence Hermes Lima. Press also reports Cepok will provide engineers and technicians for power project, with construction to begin in "about" six months. Sometimes unreliable Helio Fernandez column in today's DIARIO DE NOTICIAS claims Hermes Lima called Navy and Air Ministers to Foreign Office and

(3)

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Rio 1081

RM/IC - 12/5 - KB

H SR. 4/4/11/12-4/62 NP 032.22 POR 502

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INCOMING TELEGRAM — Department of State — ACTION COPY — PERMANENT RECORD COPY

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CONFIDENTIAL

Control: 6559
Rec'd: December 12, 1962
6:22 p.m.

FROM: Buenos Aires

TO: Secretary of State

NO: 1452, December 12, 6 p.m.

ACTION DEPARTMENT 1452; INFORMATION CINCARIB 148.

CINCARIB FOR USPOLAD

Despite more optimistic information on financing for C-130 aircraft contained in DEPTEL 1222, Air Attache has now received from CSAF Washington telegram AFSMS-PP 60786 indicating there is little probability of success of a commercial sale of C-130s to Argentina at this time. Apparently commercial bank interest referred to in DEPTEL 1222 was based on assumption that some form of USG credit would be available we are still hopeful that some way will be found to finance purchase of three C-130 aircraft which we believe can be effectively utilized in Argentina. As a point of interest concerning financing, we would appreciate being informed as to conditions under which Brazil hopes to obtain C-130 aircraft.

MCCLINTOCK

MRJ/16

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ACTION ASSIGNED TO:	ACTION TAKEN 12/13/62	
NAME OF OFFICER & OFFICE SYMBOL AFCA/EST: HPW	DATE OF ACTION 12/13/62	DIRECTIONS TO RM/R: file

BUENOS AIRES 1452 file ARA RCH/S
Mr Scotten - will you have telegram drafted to Ref A which will [illegible] contents number 5 [illegible]
RM/R file
12/12-12 62
XR 732.56 22
1241

OUTGOING TELEGRAM Department of State

INDICATE ☐ COLLECT ☐ CHARGE TO

CONFIDENTIAL
Classification

06681

Dec 14 7 34 PM '62

Origin

ACTION: Amembassy RIO DE JANEIRO 1274 PRIORITY
Amembassy BUENOS AIRES 1421

RPTD INFO: POLAD CINCARIB
POLAD CINCLANT
Amembassy LIMA 377
Amembassy SANTIAGO

REF: BA's 1452

While Defense Dept inclined to fund out of world-wide MAP credit sale C-130 aircraft for Brazil, subject to State-AID approval, Dept continuing review problem in following context:

1. Approval MAP financing C-130's for Brazil would open door for similar requests from other LA countries, e.g., Chile and Peru which have expressed interest these aircraft, and generate pressures hard to resist.

2. We must be prepared offer Argentina at least equal treatment accorded Brazil, if and when we receive government request.

3. We desire withhold final decision Brazil case pending completion current review U.S.-Brazilian relations.

In interim Defense has requested CINGARIB views on question of credit sale C-130's to Brazil with special attention Argentina, Chilean and possibly Peruvian interest. You will be informed when firm governmental position developed for dealing with requests for this item.

BALL

Telegraphic transmission and classification approved by: ARA - Mr. Martin

Drafted by: ARA/RPA/S:AFMcLean 12/14/62

EST-HHWellman

OSD/ISA - Gen. Enemark (in draft)

AID/PRCS - Mr. Kyle

EXIT WST - Mr. Thompson

CONFIDENTIAL
Classification

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FORM DS-322

1242

ACTION COPY

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INCOMING TELEGRAM *Department of State*

55-M
Action
S/S

Info

SECRET

Control: 10056
Rec'd: December 18, 1962
9:53 p.m.

FROM: Rio de Janeiro

TO: Secretary of State

NO: 1161, December 18, 8 p.m.

NIACT

LIMIT DISTRIBUTION S/S

732.5622/12-1862

Department telegram 1274.

I was aware problem Argentina and Chile when I discussed C-130s in Washington last week and discussed matter again last night with Martin. Point is that both we here and highest level of USG are trying to devise method of penalties and "rewards" tied in to specific types of GOB actions as method of controlling what generally admitted to be extremely sensitive and dangerous situation in Brazil. To institute such system imperative we set preconditions for assistance but that when our preconditions for specific type of assistance has been met, we be able to deliver appropriate "reward" immediately. C-130s, which Secretary McNamara kindly offered to make quickly available despite lack lead-time, seemed to offer one of two best opportunities we have to put such system into effect in immediate future which is critical period. Would in my opinion be to misunderstand sense of President's decisions on Brazilian question to let matter of C-130s now become bogged down in bureaucratic delay. Moderately favorable outcome of Attorney General's talk with Goulart December 17 (separate telegram) leaves unchanged or even strengthens my previous recommendations on this matter.

Before I left Brazil for consultation, Air Minister raised matter with me and I promised take question up in Washington. He now very naturally wants reply and is pressing AIRATT for information. I am leaving Rio for Christmas holidays on Friday this week and would like to be able to tell him before then that we believe

AUG 11 1969

SECRET

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ACTION ASSIGNED TO	ARA/EST/AB	ACTION TAKEN	Verbal 1305	REPRODUCTION FROM THIS COPY IS PROHIBITED UNLESS UNCLASSIFIED
NAME OF OFFICER & OFFICE SYMBOL	Rothwell ESTR	DATE OF ACTION	Dec 26	DIRECT TO RM/R

NOTE: ADVANCE COPY TO SS-O 12/18/62 CWO-M

GPO 930 500

1243

SECRET

-2- 1161, December 18, 8 p.m. from Rio de Janeiro.

method can be found for making five C-130 aircraft available to Brazil in near future and hope provide definite reply this sense soon; however, President Kennedy's approval necessary and he has not as yet had chance to study matter.

I do not visualize, however, that we should deliver any C-130s to Brazil or commence pilot or maintenance training until we have had chance to look at new government (about January 10-20), satisfactory complexion of which I think we should make precondition for this particular "reward". Believe, however, once this condition is met we should deliver two C-130s immediately and commence training soonest, with additional deliveries later.

Also recommend method be devised for furnishing appropriate number of helicopters to Brazil quickly. Think conditions identical to above should, however, be met before delivery. Contemplate telling Air Minister I raised question of helicopters in Washington and am hopeful appropriate number can be found soon if all goes well in broader context of US-Brazilian relations.

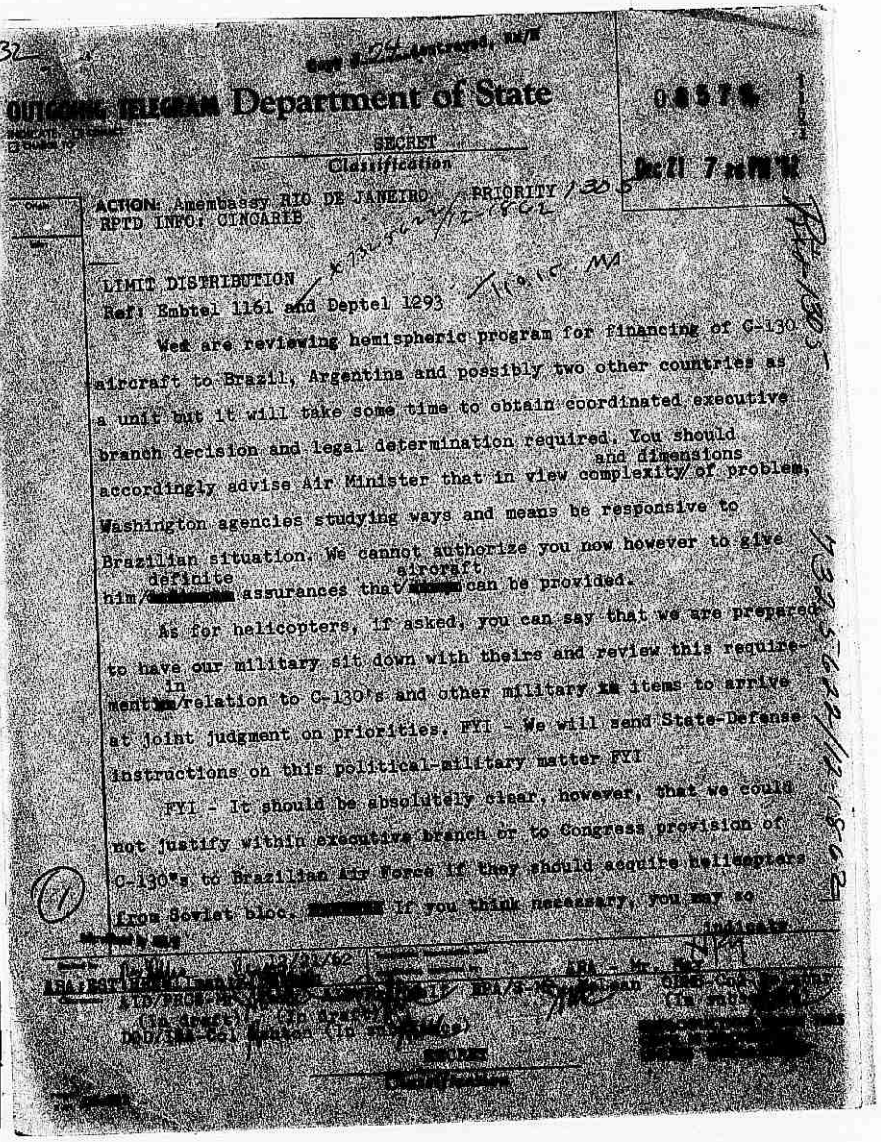
I would appreciate reply in time to raise at least question of C-130s with Air Minister before my departure.

GORDON

DPB/14

SECRET

1244



OUTGOING TELEGRAM Department of State

SECRET
Classification

ACTION: Amembassy RIO DE JANEIRO PRIORITY
INFO: CINCARIB

LIMIT DISTRIBUTION

Refs: Embtel 1161 and Deptel 1293

We are reviewing hemispheric program for financing of C-130 aircraft to Brazil, Argentina and possibly two other countries as a unit but it will take some time to obtain coordinated executive branch decision and legal determination required. You should accordingly advise Air Minister that in view complexity of problem, and dimensions Washington agencies studying ways and means be responsive to Brazilian situation. We cannot authorize you now however to give definite aircraft him assurances that can be provided.

As for helicopters, if asked, you can say that we are prepared to have our military sit down with theirs and review this requirement in relation to C-130's and other military items to arrive at joint judgment on priorities. FYI - We will send State-Defense instructions on this political-military matter FYI

FYI - It should be absolutely clear, however, that we could not justify within executive branch or to Congress provision of C-130's to Brazilian Air Force if they should acquire helicopters from Soviet bloc. If you think necessary, you may so indicate

1245

indicate
/to Air Minister END FYI.

END

RUSK

1246

ORIGIN/ACTION

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ARM/R-file
2/4/63
R J. Burton
DH action

DEPARTMENT OF STATE

AIRGRAM

732.5622/1-463

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A-762
NO.

CONFIDENTIAL - NOFORN

XRa 732.5
HANDLING INDICATOR

732.00

TO : DEPARTMENT OF STATE

1963 JAN 9 AM 7:47 DEPARTMENT OF STATE BUREAU OF INTER-AMERICAN AFFAIRS

DISTRIBUTION JAN 10 1963

FROM : Amembassy RIO DE JANEIRO

DATE: January 4, 1963

SUBJECT : Conversation between Air Minister Major Brigadeiro Reynaldo Joaquim Ribeiro de Carvalho Filho and Ambassador Gordon

REF : Ambassador Gordon

Attached is a memorandum of conversation held between Air Minister Reynaldo and Ambassador Gordon.

Lincoln Gordon

Lincoln Gordon

Attachment:

Memorandum of conversation, December 19, 1962.

FILED
FEB 4 1963

CONFIDENTIAL - NOFORN

FOR DEPT. USE ONLY
☑ In ☐ Out

FORM DS-323
4-62

Drafted by: AA:Robert D. Kalb:mls

Contents and Classification Approved by:

Clearances:

DH

1247

CONFIDENTIAL - NOFORN

MEMORANDUM OF CONVERSATION

DATE: December 19, 1962

SUBJECT: Results of Ambassador's Trip to Washington

PLACE: The Ambassador's Office, American Embassy, Rio

PARTICIPANTS: Air Minister Major Brigadeiro Reynaldo Joaquim Ribeiro de Carvalho Filho
Ambassador Lincoln Gordon
Colonel Robert D. Kalb, Air Attaché

Air Minister REYNALDO called at the Embassy on December 19, 1962, to discuss with Ambassador Gordon the results of the Ambassador's recent trip to Washington, including the problems of the C-130 aircraft, C-47 aircraft, helicopters, and in addition, the question of Communists in the Brazilian Air Force, as well as certain subjects brought up by the Air Minister.

The Ambassador stated that during his stay in Washington, he had attended many conferences concerning the problem of procuring C-130 aircraft for Brazil, including discussions of the uses to which such aircraft would be put, both civil and military. The Air Minister injected the comment that the BAF was different from the USAF, in that much of its work was in direct support of the interior as no other Brazilian agency or group could provide such services. The Ambassador then continued that as a result of the conferences, including one with Secretary McNamara, the C-130 project looks favorable; but there were still some steps to be taken, e.g., President Kennedy must be consulted on his return from Nassau. The Ambassador concluded this part of the discussion with an expression of hope that a decision would be soon forthcoming.

As concerns the C-47 aircraft, Ambassador Gordon mentioned that an effort was being made to place this item in the 1963-1964 Military Assistance Program. The Air Minister replied that these aircraft were to be used in the Amazon area.

The Ambassador stated that U.S. officials believe some helicopters can be placed in the Military Assistance package. However, it would not be possible to consider any such number as the 100, which they were thinking of procuring from Poland. The Air Minister stated this number was for procurement over a long time period and would not be required at this time. The Ambassador agreed that the BAF needed some helicopters for the purpose of Search and Rescue and support for the Army.



INCOMING TELEGRAM *Department of State* ACTION COPY

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Control: 14067
Rec'd: January 22, 1963
4:26 p.m.

Action ARA
Info SS G CAP E AID INR RMR

FROM: USAIRA Rio de Janeiro

TO: Secretary of State

NO: 221930Z, January (Air Force Message)

PRIORITY

ACTION COFS USAF ATTN AFXPD, COFS USAF ATTN AFCIN, 1127 USAF FAG FT BELVOIR, INFORMATION STATE DEPARTMENT, CINCARIB QUARRY HEIGHTS, COMUSAIRCARIB ALBROOK AFB, CHIEF JBUSMC RIO DE JANEIRO

C-07X

Reference our C-53, 1127 FAG message AFCIN-1A2-C-1208, and IR-1, 492,508, 1 November 1962.

BAF queried air attache 21 January reference present whereabouts six T-28 aircraft purchased by Brazilian Navy. BAF believes Navy transport ARY PARREIRAS or other ship might arrive in US for a new attempt to pick up these aircraft. Sources believe Navy might pick up aircraft under label of parts or supplies for Brazilian Navy.

Comment: BAF officials not positive but have reason to believe this is the plan. Request advise current location and status these aircraft. GP3.

aa/17

732.5622/1-2263

FILED
MAR 15 1963

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ACTION ASSIGNED TO	ACTION TAKEN	
NAME OF OFFICER & OFFICE SYMBOL	DATE OF ACTION	DIRECTIONS TO RM/R

1249

ORIGIN/ACTION: ARA-4

RM/R	REP	AF
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DEPARTMENT OF STATE

AIRGRAM

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CA-1328 NO. | SECRET | CAPT NO. 1 HANDLING INDICATOR

TO : Amembassy RIO DE JANEIRO

INFO : Amembassy BOGOTA

FROM : Department of State DATE: AUG 3 4 21 PM '62

SUBJECT : Development of Major Brazilian Air Base across river from Leguizamo, Colombia.

REF :

Quoted below is message R 211400Z from Alusna, Colombia to ZEN/CINCARIB:

"Development major Brazilian Air Base across river from Leguizamo, Colombia.

"The Commander of the Colombian Navy has twice commented on dangerous situation subject would raise between Brazil, Peru and Colombia. He stated that Governor of Amazonas in recent past reported:

'A - That Brazilian-US survey group, which included 2 U.S. Air Force generals, made such survey.
'B - That such would seriously unbalance local economy.
'C - That such would endanger local strategic balance in area, recalling historic area problem to include League of Nations commission in Leticia in 1933. See "Memoirs of Cordell Hull", pages 310-311 and others re latter problem.'

"RADM Porto primarily concerned with C.

"No other Colombian Ministry has yet raised question but this possibly due fact Governor of Amazonas a Marine who would initially inform Navy since they are only military force in area.

"Information requested for basis Ambassador or Alusna in responding to above.

"Request CINCARIB pass to POLAD".

Request your comments.

RUSK

SECRET

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FORM DS-323

Drafted by: ARA:RST/B:JWAllison:am 8/1/62 | Concurs and Clears: [illegible] | Approved by: ARA:[illegible] - Mr. Wellman

Clearances: WST - Mr. Chaplin WST/P - Mr. Poole (conf) RPA/S - [illegible]

Classified by [illegible]
Exempt from GDS of E.O. 11652
Exempt Category 58.5(1)(3)
Date of Declassification Indefinite

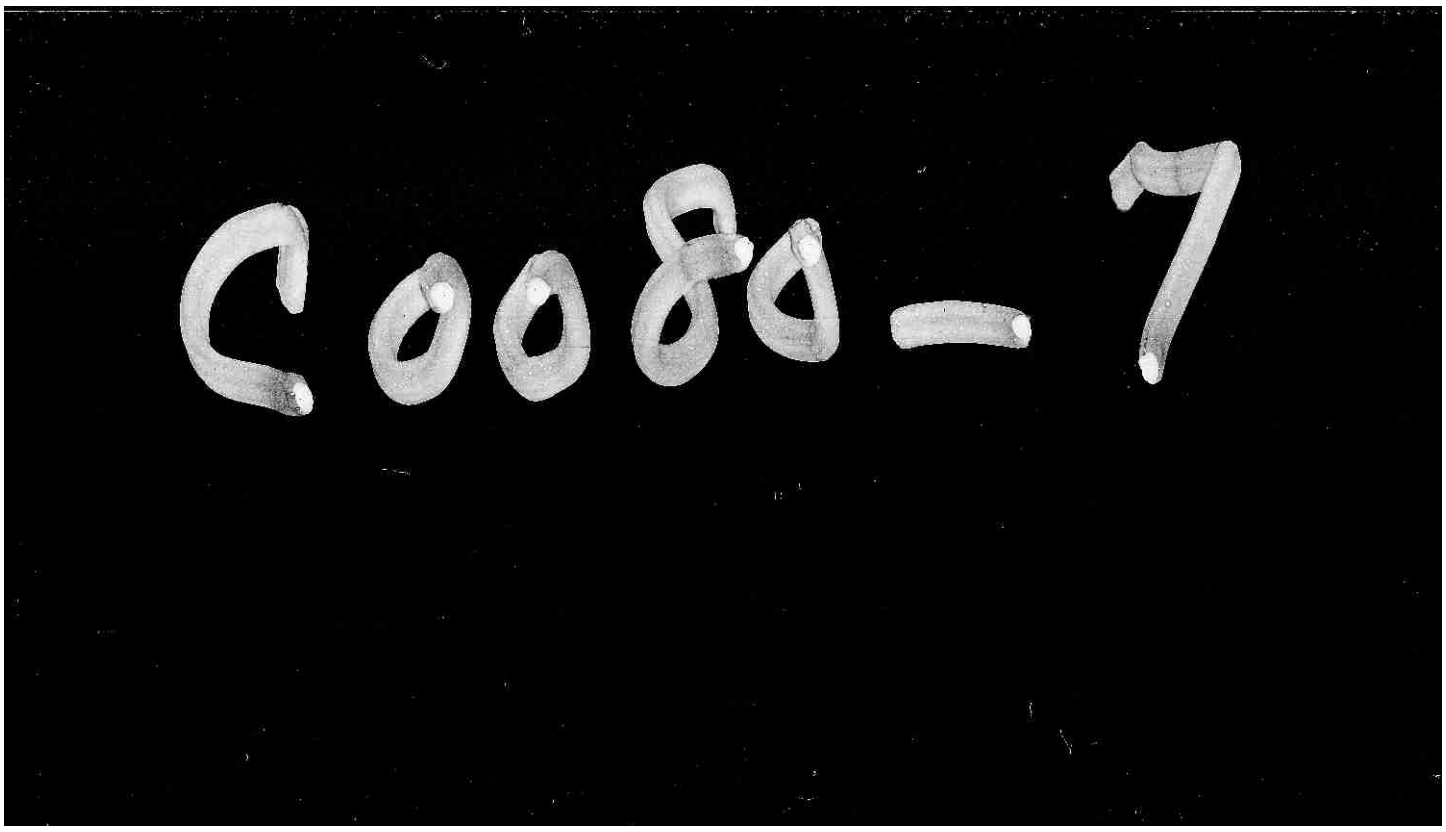
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