

TELEGRAM

Foreign Service of the
United States of America

OUTGOING

CONFIDENTIAL

Charge: Embassy

Classification

Control:

Date: Aug 18, 1962

TO: SECSTATE 425 PRIORITY

TO: RIO 65

Following from Brasilia.

(63)

Embtel 422

Formula finally agreed upon last yesterday afternoon between President and Primin 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 (EmbAirgram 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 sixty 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

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FORM FS-413
3-1-55

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agreement satisfactory. Embassy informed by high official President's staff final agreement worked out late yesterday afternoon was ~~xxx~~ reluctantly agreed to by President Goulart who first insisted that action be completed during present working session rather than at future date.

Embassy's assessment reftel regarding possibility passage amendment along lines outlined above somewhat more optimistic on basis conversation last night with above official ~~xxxx~~ x who says view firm commitment party leaders every effort will be made bring back sufficient number congressmen for necessary vote. Air Force planes will be used and as he explained "since all are in agreement if a few votes are missing nobody will complain if those votes show up in yes column anyway."

Agreement has already brought very noticeable decrease in political tension here that had reached such high level that PSD Chamber leader as late as yesterday ~~morning~~ morning privately described crisis as more serious than last month's.

Fact is people around President were saying more or less openly that plebiscite would be made question of confidence by Primin and if Cabinet felt Goulart would nominate Brizzola to succeed him thus precipitating crisis which could easily have led to general strikes, military takeovers and/or another

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revolution from Rio Grande do Sul (other being Vargas' successful 1930 revolt). While foregoing may or may not have been largely intended frighten Congress into action, combined with counteraction on part opposition principally UDN somewhat provocative in character, little doubt as indicated in reftel that President had committed ~~his~~ his prestige and authority to point ~~where~~ where he could hardly back away without serious loss of face. ~~Ag~~ Agreement is another one of those compromises which Brazil seems able to work out at crucial points although quite possible this may be only for period of month in which country can get on with ~~w~~ serious business facing grave problems which have been practically unattended for past months. Governor Magalhaes Pinto deserves lion's share of credit for having worked out agreement.

On legislative front as predicted Congress seems to have delegated minimum non-controversial powers to Cabinet (separate report to follow when status number projects ~~during final hours~~ present session verified). On other hand passed number important measures including profits remittance, telecommunications code, single ballot (absence of which ~~was~~ would have delayed elections) anti-trust law etc., which will make it difficult attack Congress on "reactionary" or "do nothing" grounds.

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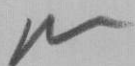
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Status of Executive vs Legislature quarrel can be said to be at temporary peaceful standstill with President having won if gets plebiscite as agreed but with prospects for new and perhaps more serious crisis if Congress fails follow through on agreement in September.

GORDON



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