TELEGRAM

INCOMING

AMEMBASSY BRASILIA

Foreign Service of the United States of America

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P 161700Z DEC 68
FM AMCONSUL SAO PAULO
TO RUEHC/SECSTATE WASHDC PRIORITY 1133
INFO RUESUZ/AMEMBASSY BRASILIA PRIORITY 328
RUESUA/AMEMBASSY RIO DE JANEIRO 1198
STATE GRNC
BT

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I. ACCORDING INFORMATION OBTAINED BY CONSULATE OFFICERS AND USIS BRAZILIAN EMPLOYEES YESTERDAY AND THIS MORNING, Q ESTADO DE SAO PAULO AND EDITORA ABRIL (VEJA, ETC.) PREFERRED HAVE REAL LIVE CENSORS IN THEIR ESTABLISHMENTS RATHER THAN TO EXERCISE SELF-CENSORSHIP AS PERMITTED AND EVEN RECOMMENDED BY SECOND ARMY AT MEETING ITS OFFICERS HAD WITH PRESS, RADIO AND TV DIRECT-ORS DECEMBER 13. OTHER MEDIA ARE EXERCISING THEIR OWN RESTRAINT: FROM READING TODAY'S JORNAL DA TARDE (OF O ESTADO), ONE GAINS IMPRESSION NEWSPAPER CAN PERHAPS HANDLE NEWS MORE PERMISSIVELY WITH CENSORS PRESENT: EXAMPLES, FRONT PAGE SHOWS PHOTOGRAPH GENERAL JAIME PORTELA, CHIEF PRESIDENT'S MILITARY HOUSEHOLD, AND AFTER SAYING HE QUOTE FORCED CASTELO TO ISSUE ACT NO. 2 END QUOTE AVERS QUOTE HE IS NOW ONE OF STRONG MEN WHEN ACT NO. 5 EMERGES, END QUOTE, CLEARLY INFERRING HE AND OTHER MILITARY (GENERAL SIZENO IS ALSO PICTURED AS STRONG MAN) FORCED PRESI-DENT TO ACT. ONE CAN WONDER WHETHER UNDER SELF-CENSORSHIP, A NEWSPAPER COULD UNDER PRESENT CIRCUMSTANCES SO BOLDLY ATTRIBUTED QUASI PUPPET STATUS TO COSTA E SILVA. ALSO MAIN EDITORIAL SPACE IS BLANK, REMINDING READERS OF MUZZLED STATUS PRESS. STAND THIS HAS NOT BEEN UNUSUAL IN RIO BUT THIS IS FIRST EXAMPLE IN SAO PAULO PRESS.

2. AS FOR ARRESTS SO FAR, TWO MEMBERS OF A TRIBUNA OF SANTOS, ONE NAMED JUAREZ BAHIA, HAVE BEEN PICKED UP. BEYOND THAT, WE HAVE ONLY RUMOR ONEHNSWHICH, CIRCULATING IN EDITORIAL OFFICES OF DIARIOS AAOCIADOS, IS THAT TODAY OR TOMORROW GOVERNMENT WILL ISSUE LIST SOME THREE THOUSAND PEOPLE, INCLUDING NEWSPAPERMEN, WHO WILL HAVE OLITICAL RIGHTS SUSPENDED.

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TARQUINIO, INCIDENT -

ALLY, TRAVELING TO US VIA EUROPE AND PLANNED ATTEND CONFERENCE IN NEW ORLEANS ON CITY MANAGEMENT.

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FILES WITHIN (5) DAYS.

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4. DEPUTY PRINCIPAL OFFICER, DECEMBER 14 AND 15, SPOKE WITH NUM-BER OF AMERICAN BUSINESSMEN LONG-TIME RESIDENTS IN BRAZIL. THEY HOLD CONSERVATIVE VIEWS AND FAVOR NEW INSTITUTIONAL ACT ALMOST UNANIMOUSLY. THEY HAVE NO RESPECT FOR STATE OR FEDERAL POLITICIANS AND ARE CONCERNED ABOUT 3 C'S: CHAOS, COMMUNISM AND CORRPUTION. THEY TAKE VIEW THAT GOVERNMENT COULD NOT PERMIT SITUATION TO DRIFT BACK TO WHERE IT WAS BEFORENREVOLUTION. MANY PROMINENT BRAZILIAN BUSINESSMEN HERE ALSO VERY CONSERVATIVE AND HARD LINERS. PARTICULARLY GROUPS WHO WHERE ACTIVE LEADERS IN 64 REVOLUTION HAVE ALWAYS FAVORED STEPS SUCH AS ENVISAGED BY ACT NO. 5 INCLUDING CRACKDOWN ON STUDENTS, COMMUNISTS, LEFTISTS, AND CORRUPT POLITICANS. MANY STATE QUOTE THIS IS WHAT CASTELLO BRANCO SHOULD HAVE DONE END QUOTE OR QUOTE WHAT CASTELLO WOULD HAVE DONE IF HE HAD NOT FEARED REACTION FROM THE UNITED STATES END QUOTE. MEMBER OF GROUP OF ALUMNI NATIONAL WAR COLLEGE (ESG) HERE TOLD DPO THEY HELD MEETING DECEMBER 12 AND AGREED ENTIRELY ON NEED FOR INSTITUTIONAL ACT, ETC., AS WELL AS ON ARREST OF NUMBER OF POLITICIANS, STUDENTS, AND OTHERS THEY CONSIDER SUBVERTING PUBLIC ORDER.

5. AT MAYOR'S SUMPTUOUS LUNCH YESTERDAY AT JOCKEY CLUB WINDING UP SUBWAY INAUGURATION CEREMONIES, VARIOUS IMPORTANT ARMED FORCES LEADERS AND FEDERAL POLICE CHIEF SEEMED UNPERTURBED. THERE WAS NO MENTION OF POLITICAL AND CONSTITUTIONAL CRISIS EXCEPT THAT AT END HIS ADDRESS, FARIA LIMA MADE OBLIQUE REFERENCE TO IT BY MORE OR LESS EXHORTING THAT, AT THIS IMPORTANT JUNCTURE, WHEN DIFFERENCES EMERGE, BRAZILIANS WERE DUTY BOUND TO CLOSE RANKS AND MOVE COUNTRY FORWARD.

6. USIS WAS JUST INFORMED BY AP MANAGER THAT AP IN RIO, EX-PERIENCING DIFFICULTY GETTING MATERIAL THROUGH CENSORS, WAS CHANNELING STORIES TO HIM FOR TRANSMISSION ABROAD AS SO FAR NO OBSTRUCTION HERE.

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