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1. Gubernatorial Election Picture Still Unclear

Despite statements made by President CASTELO BRANCO designed to clear up the state election picture, the situation here remains unclear. The President's statements at his news conference on February 11 in which he opposed direct elections in 11 states scheduled to hold gubernatorial elections this year was received without criticism by all political parties in the state. A frank statement such as this from the President should have been expected to clear up somewhat the election picture in Minas Gerais, but paradoxically enough, it appears to have done just the opposite.

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Although MAGALHÃES PINTO welcomed the President's statement in opposition to direct elections, it still left the Minas Governor and almost everyone else in the dark as to what the federal administration would propose in place of direct elections. The Minas State Legislative Assembly, which reconvened on February 1, has just recently got down to transacting business and one of the first orders of business on its agenda was discussion of a state constitutional amendment which would extend the gubernatorial term from January 1966 until March 1967. This amendment had been passed in the last session of the Legislature and needs only a second passage in this session to become law.

The President's statement on elections has served to give the opposition PSD bench in the State Assembly reasons for obstructing the passage of this amendment. The PSD hopes to delay a vote on the amendment until the Federal Government has made its decision known to resolve the problem of extension of gubernatorial terms of office. Magalhães Pinto, however, is pinning his hopes on quick passage of the amendment so that the Minas solution will be accepted by the administration as the solution in the other 10 affected states.

After meeting with the President at Araxá on February 14, Magalhães Pinto reiterated his past positions on gubernatorial elections (see previous bi-weekas) -- his opposition to direct elections and his support of prolongation. He went on to voice once again his ideas for the elimination of all political parties and the creation of one large "Party of the Revolution." At the same time, Magalhães Pinto criticized Carlos LACERDA for his attacks against him and stated that he is always ready to sit down and discuss divergent opinions with the Guanabara governor.

Comment. With only a simple majority needed for passage of the prolongation amendment in the State Legislature, the government coalition should have no trouble in this regard. However, it remains to be seen how long the PSD can obstruct such passage through parliamentary maneuverings and if they can do so long enough for the national administration to make its decision in the case of elections. The chances are that the State Assembly will not act until after the Carnival holidays at the very earliest.

2. Repercussions of Carone Ouster

Signs have begun to appear that Governor Magalhães Pinto may have overreached himself by ramming through the recent ouster of Belo Horizonte mayor Jorge CARONE and putting one of his supporters in the mayoralty job. (Consulate's A-70, February 17, 1965). Carone, who has been in Rio de Janeiro since his impeachment on January 31, has fired several verbal blasts at Magalhães Pinto. Defending the Governor, state Secretary of Government Roberto RESENDE replied

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to Carone's attacks on February 4 and accused the ex-mayor of "corruption" and "defalcation of public funds." Taking up the cudgels for Carone, Guanabara Governor Carlos Lacerda criticized the Minas Governor for his actions and was followed on February 10 by General Olympio MOURÃO Filho, hero of the March 31 revolt in Minas. Mourão declared that the whole procedure surrounding Carone's ouster was "unconstitutional."

Besides these public criticisms, there was other behind-the-scenes activity. Carone and Vice-Mayor NEGRÃO were busy gathering material for appeals they plan to make to the courts to overturn their impeachments. Even more significant than these activities, however, were reports from reliable Consulate sources that President Castelo Branco was displeased with the manner in which Carone was unseated. One source alleges that the President gave his approval to the Carone impeachment on the assurance of Magalhães Pinto that the removal could be carried out completely within the law. The President's displeasure also reportedly extends to General Dióscoro VALE, Commander of the Belo Horizonte Army garrison, who played an open and prominent part in the impeachment proceedings. (Consulate's A-64, February 3, 1965.)

Recent occurrences have tended to lend some credence to these reports. On February 8, General Vale was suddenly ordered to Juiz de Fora to take over temporary command of the Second Military Region. Vale relieved the vacationing General PAES, who in turn had been filling in for the regular commander, who is also on holidays. Some observers believe this was a device to move Vale away from Belo Horizonte and the political scene.

On February 14, Magalhães Pinto, after conferring with the President at a conference on regional development in Araxá, declared that, in case of trouble for the national administration, Minas would be the political and military base for Castelo Branco. Local political observers saw this statement as an effort by the Minas governor to mend any broken political fences caused by the Carone incident.

Comment. The full implications and results of the Carone impeachment on Magalhães Pinto's future are still not clear, and much depends on the attitude of the federal government, especially towards General Vale's future and Magalhães Pinto's efforts to extend his gubernatorial term of office.

3. Labor: Union Election Cancelled

A scheduled election in the Nova Lima Mineworkers Union set for February 11 was cancelled by the Minas Gerais Regional Labor Delegate, Onesimo VIANA on February 5. Press reports quoted Viana as stating that elections were being postponed because of "subversive elements" in one of the two slates contesting

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the election and secondly because of the good job being done by the Army-appointed interventor. (Consulate's A-66, February 10, 1965.) No new date has been set by Viana for the election.

In other labor news, 2000 insurance company workers in Minas Gerais voted to go out on strike on February 15 if their demands for a new wage contract were not met by employers. The union had originally asked for a raise of 140% over salaries of January 1, 1964. Negotiations between the union and the employers reduced worker demands to an 86% raise, but employers are currently holding out for increases of 75%.

Comment. The Nova Lima Mineworkers Union, which has been under intervention since April 1964, has traditionally been a leftist stronghold. Its former president, ex-State Deputy José Gomes PIMENTA, has been in jail since the revolt of March 31, 1964. The sudden cancellation of the election points up the wariness with which the labor situation here is viewed by the federal authorities.

4. Signs of Student Restiveness

Developments during the reporting period in student-university affairs in Minas Gerais showed signs of increasing tension between students and university officials (Consulate's A-69, February 10, 1965). Friction first arose when the University Council of the federal University of Minas Gerais (UMG) voted to institute an annual 40,000 cruzeiro (about \$22) tuition charge. Despite the fact that only well-to-do students will have to pay the charge and that the income derived from the fee will go to a scholarship fund for poorer students, student leaders of all political leanings have attacked the decision. Student leaders have called upon students to oppose the fee and not register for classes until Student Directorates have spoken on the issue. University Rector Aluisio PIMENTA, a strong supporter of the fee, has stated that the fee will remain in force.

On February 3, 1965, the State Students' Union (UEE) held their annual Congress in Poços de Caldas. The main business of the Congress was to change the name of the organization to the State Students' Directorate (DEE) in accordance with a recently passed law. Leftist student leaders who opposed the name change staged a walkout at the Congress. The Army-appointed president of the UEE then cancelled the Congress and the new organization was voted into existence.

The leftists retaliated by issuing a statement on February 11, 1965 calling the extinction of the UEE an illegal and arbitrary act and as not representing the will of the students. They further attacked the interventor-President

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of the UEE and accused him of falsifying facts concerning reported agitation by leftist students at the Congress.

Comment. Both these events, though unrelated, indicate a restiveness among student groups which has not been apparent since the revolt of March 31, 1964. University officials are fearful of increased tension when classes commence in March.

5. Political Prisoner Enters Army Hospital

Roman Catholic priest Francisco LAGE, jailed since the revolt of March 31, 1964 on charges of subversive activities, was transferred on February 11 from his jail cell at the Fourth Military Region to the base hospital after reportedly suffering a heart attack. Initial newspaper accounts described his condition as grave and there were some rumors that Lage had actually died. On February 15, the Fourth Military Region announced that Lage had been transferred to the Central Army Hospital in Rio de Janeiro because of the gravity of his condition.

In related news, Operation Cleanup was in evidence again in Minas Gerais as warrants for preventive arrests were issued by military authorities against four persons, including one woman. The best known of the four and the only one not jailed as a result of these warrants is Professor Silvio Carvalho de VASCONCELOS, former head of the Architecture School of the University of Minas Gerais. Vasconcelos is presently living in Paris, where he has been for the past four months (Consulate's A-54, January 6, 1965). The accused were all charged with unspecified crimes under the National Security Law.

Comment. Consulate officers have been reliably informed that Lage had suffered maltreatment at the hands of the political police (DOPS) after his arrest last April. It is not known, however, whether this maltreatment has contributed to his current state of health. Should Lage die in an Army hospital after 8 months of confinement in a military prison, strong repercussions could be expected from the Church and student groups.

6. Visit of Czechoslovak Ambassador

The Czechoslovak Ambassador to Brazil, Ladislav KOCHAN, paid a week-long official visit to Minas Gerais between January 30-February 6, 1965. Besides ceremonial calls on the Governor and local military and religious leaders, Kochan toured industrial plants in the Belo Horizonte area (Consulate's A-67, February 10, 1965). The main announced purpose of the visit was to strengthen cultural and commercial ties with Minas Gerais. No formal agreements, however,