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SUBJECT: Monthly Summary No. 4 - January

REF :

1. Military Prosecutor Asks Indictment of Doutel de Andrade and Others.
2. Camargo Neto Gains in Contest for PDC Nomination.
3. Proposed Electoral Reform Draws Mixed Reactions.
4. First Post-Revolution Strike Threatens.
5. General Kruehl Made Honorary Citizen of Paraná.
6. Commercial Association Criticises Anti-inflation Policies.
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1. Military Prosecutor Asks Indictment of Doutel de Andrade and Others.

During January, Benedito Felipe Rauen, hard lining prosecutor for the Fifth Military Region, requested the indictment for subversive activity of one federal deputy, four former state deputies, 25 non-commissioned army officers, 27 students, and some 30 other civilians, mostly attorneys and journalists. All those accused are from Paraná and Santa Catarina.

Highlighting Rauen's activities was his accusation of PTB floor leader Federal Deputy Doutel de Andrade. Among other things, Andrade is accused (with former Santa Catarina State Deputy Paulo Wright and student leader Polibio Braga) of organizing subversive "Groups of 11" in the coal mining area of Criciuma. The Fifth Military Region military court has judged

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itself incompetent to consider the case. The prosecutor plans to appeal this decision to the Supreme Military Tribunal. Should this body refuse to accept the case, it may be presented to the civil courts.

The prosecutor also requested the military court to indict for subversive activity ex-PTB State Deputies Luiz Alberto Dalcanalle, Leon Naves Barcellos, and Almir Passos - all of Parana. No decision has been reached by the military court regarding its competence to deal with these cases.

The military court has yet to rule on its competence to deal with the accusations made against the 80-odd non-commissioned officers, students, attorneys and journalists indicated by Prosecutor Rauens. With few exceptions this group consists of small fry.

In a refreshing change from military indictments of politicians for subversive activities, the civil criminal court of Curitiba has accepted the indictment of PTB Federal Deputy Elias Nacle (Parana) for old-fashioned malfeasance. Nacle is accused of mishandling funds while Director of the Sugar and Alcohol Institute in 1957 and 1958. The court has requested license from Congress to proceed against Nacle. (UNCLASSIFIED)

COMMENT: The evidence now available against Andrade might have been sufficient to disenfranchise him while Article 10 of the Institutional Act was in force. However, from what the Consulate has been able to determine, it is not strong enough, practically, legally or politically, to convict him of a violation of the National Security Law in any reasonably impartial Brazilian court. With the possible exception of the accused non-commissioned officers, the same holds true of most of the other persons indicated by the military prosecutor. Rauens, a fanatic hard liner, seems to have served up a rehash of old evidence collected by military commissions of inquiry for use under the Institutional Act. Few, if any, of his cases will hold water and his antics may well make martyrs of the accused. However, the adverse publicity for the PTB has hurt the party's bargaining position here in Parana just at the time it was preparing to make deals with other parties in preparation for state elections scheduled in October. (CONFIDENTIAL)

2. Camargo Neto Gains in Contest for PDC Nomination.

Despite the efforts of Parana Governor Ney Braga, young turk Lieutenant Governor Afonso Camargo Neto last month seemed to be running away with the nomination as PDC candidate to succeed Braga as governor. Over the protests of Braga spokesmen, the PDC committees of populous Maringa and Ponta Grossa endorsed the leftist young Camargo Neto for governor. His only setback during January was the decision of the key Curitiba committee, now headed by Ney Braga himself, to leave the question of selecting a candidate for governor up to an "open" party state convention to be held in March. (UNCLASSIFIED)

COMMENT: While Camargo Neto's popularity with the voting public

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is slight, he is a favorite of the many party professionals who will be delegates at the state convention. This poses a serious problem for Braga who realizes that Camargo Neto's candidacy could well mean defeat for the PDC in October. In view of the uncertainty that state elections will in fact be held this year, Braga is hesitating to move openly to block Camargo Neto for fear of unnecessarily arousing resentment within the party. It is possible that when Braga does decide to proceed against his lieutenant, it will be too late. (CONFIDENTIAL)

3. Proposed Electoral Reform Draws Mixed Reactions.

The federal administration's proposed electoral reform measure drew mixed reactions from Paraná's political leaders. Most comments were confined to the sections of the proposed law dealing with the elimination of smaller political parties and election of legislators by district.

In general, the large parties - the PSD, the PTB, and the UDN - tended to favor or at least accept the elimination of the smaller groups. Governor Ney Braga, whose marginal PDC figures to survive and even achieve spectacular growth by absorbing the disbanded parties, hailed this part of the proposed law with enthusiasm. Leaders of the parties scheduled to go under the axe were understandably critical.

The section of the measure proposing that legislators be elected by district was greeted with less than enthusiasm. Most opponents of this provision claimed that district elections would create conditions favoring the malign influence of "economic power." In reality, most of the legislators have their support scattered throughout the entire state and are reluctant to face the risks and effort attendant upon a conversion to district type elections. (UNCLASSIFIED)

4. First Post-Revolution Strike Threatens.

Although a week of bargaining has brought Paraná cabinet makers and employers closer to agreement, Brazil's first major strike since the Revolution is still scheduled for February 8. After originally asking for a 70 percent increase over last August's salaries, (one 40 percent raise has already been granted since August) the union seems ready to accept an 18 percent hike. The dispute now revolves around the length of the contract. The union is insisting upon a six month contract and management is offering one for one year.

Union officials say they are ready for a strike. João Wagner, president of the CNTI, is in Curitiba and is offering the moral and financial support of that organization. Meanwhile, union lawyers claim that Labor Minister Susskind is willing to have a strike occur in order to test the new strike law and to demonstrate that the hard line is not being applied to unions. (UNCLASSIFIED)

COMMENT: A strike will not occur unless the government decides to permit it.

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5. General Kruehl Made Honorary Citizen of Paraná.

General Amaury Kruehl arriving on a commercial VASP flight, visited Paraná on January 29 and 30, to receive Honorary Citizenship of Paraná. While here, he visited the countryside and returned to São Paulo from Paranaguá. During his stay he dined twice with Governor Braga and addressed the Legislative Assembly. (UNCLASSIFIED)

COMMENT: Attracting the principal attention of the press, to which Kruehl refused to grant interviews, were his remarks to the Legislative Assembly concerning democratic elections. That segment of the press which would like to see elections in Paraná this October was quick to point out his statement that "for democracy to be a reality it is indispensable that the people be allowed to choose their representatives." The early election seekers failed to note that Kruehl did not specify that he was talking about this October. (UNCLASSIFIED)

6. Paraná Commercial Association Criticises Anti-inflation Policies.

In a letter sent to President Castelo Branco, the President of the Paraná Commercial Association outlined his complaints against the administration's anti-inflation policies. He said Brazil has inflation because government and quasi-government organizations employ many non-producing workers and allow too many early retirements with excessive pay. To check inflation these practices must be eliminated. The letter stated that Government of Castelo Branco in its attitude toward business is following anti-inflationary policies, ie., higher taxes and restricted credit, that apply to developed economic systems which Brazil does not have. In a non-committal reply Castelo Branco said he is in "basic" agreement with the observations of the association. (UNCLASSIFIED)

7. Political Notes.

a. The press reported a rumor that ex-Senator Amaury de Oliveira e Silva, Minister of Labor under Goulart, has resolved to return to Brazil and face whatever charges may be brought against him. According to a Consulate source, Amaury neglected to provide for his financial future while in office and is finding exile in Uruguay too expensive. (CONFIDENTIAL)

b. The Paraná Students Union (UPE) has invited Guanabara Governor Carlos Lacerda to address University of Paraná students during a "Paraná Week About University Reform" which will commence between February 10 and 20. According to student leaders, Lacerda has accepted their invitation "in principle." Lacerda also is scheduled to make a political swing through Paraná in March. (UNC)

c. The Governor of Pará, Jarbas Passarinho, visited Curitiba on January 14 and 15 to discuss ways and means by which his state might acquire some of Paraná's surplus beans, potatoes and onions. While here, Passarinho said he opposed any extension of governors' mandates. He also indicated qualified support for Host Governor Braga for president. (UNCLASSIFIED)

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d. Although the Feminine Civic Union of Paraná has abandoned plans to run one of its members for state deputy, the ladies have announced that they will prepare reports on the records of all candidates for state office. These will be supplied to voters upon request a la the League of Women Voters. (UNCLASSIFIED)

e. In two January bi-elections in Santa Catarina, the UDN showed surprising strength in victories over the incumbent PSD. Elections were held for city councilmen in Pamerode and Braço do Norte--the latter a PSD stronghold. In Pamerode the UDN elected 4 councilmen to the PSD's one and, in Braço do Norte, the UDN won by 4 to 3. Total vote in the two municípios: UDN 3468, PSD 2432, and PTB 262. (UNCLASSIFIED)

f. PDC Mayor of Curitiba, Ivo Arzua Pereira, was successful in obtaining the victory of PDC City Councilman Erondy Silveiro as president of the Curitiba City Council for 1965. Silveiro's election over determined UDN opposition will give Arzua a more/cooperative city council than he had under the leadership of former president Elias Karam of the UDN. (UNCLASSIFIED)

8. Student Affairs.

a. Accompanied by student representatives from Minas Gerais, Paraíba, Maranhão, and Alagoas, representatives of the Paraná Student Union (UPE) walked out of a convention called in mid-January in Rio de Janeiro by the National Student Union (UNE). The purpose of the convention was to discuss ways and means of securing UNE survival in the face of federal government opposition. UPE President Johnson Sade, who favors the maintenance of the UNE as an extra official student association, said he quit the convention when it became clear that students from Guanabara, São Paulo, Goiás, Brasília, and Amazonas intended to ram through a series of political resolutions "contrary to true student interests" by using "the well known techniques of agitation and dishonesty." The disillusioned Sade concluded that at present the UNE is so completely divorced from political reality that it will be long before it is able to recover its position of student leadership. (UNCLASSIFIED)

b. The UPE endorsed Minister of Education Flavio Suplicy de Lacerda's proposal that all university courses be reduced by one year. (UNCLASSIFIED)

9. Miscellaneous.

a. President Castelo Branco is scheduled to visit Paraná in March to attend ceremonies inaugurating the new international bridge connecting Brazil and Paraguay at Iguaçu Falls. President Stroessner of Paraguay also will participate. (UNCLASSIFIED)

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b. Municipal workers in Joinville and several other cities in Santa Catarina have not received their salaries for more than two months. The state government has not remitted the "article 20" quota to municípios since September. In Joinville, local businessmen have offered to bail out their bankrupt city government if the state government will concede state tax credit for money so paid directly to the city. (UNCLASSIFIED)

c. Paraná coffee growers and exporters were outraged when the vacancy created by the departure of Paulo Carneiro Ribeiro from the IBC board of directors was not filled by another paranaense. The absence of a representative from Brazil's largest coffee producing state on the IBC board has inspired a flood of protests to President Castelo Branco and other federal authorities. The fact that Paraná's Leônidas Lopes Borio is president of the IBC does not mollify the coffee men, many of whom dislike and distrust Borio and his policies and most of whom consider the IBC president a representative of the federal government and not of the coffee interests. (UNCLASSIFIED)

d. Uganda Minister of Agriculture Mathias N. Ngobi paid a brief visit to Curitiba and the coffee growing center of Londrina in early January as a guest of the IBC. He made no noteworthy statements while in this area. During a chance encounter in Londrina with a member of the Consulate staff, Mr. Ngobi was courteous but definitely not friendly. (CONFIDENTIAL)

e. As anticipated, Governor Ildo Meneghetti of Rio Grande do Sul was elected president of CODESUL (Council of States of the Extreme South) during the Council's meeting held in Curitiba last month. (UNCLASSIFIED)

f. Karlos Riechbitter, financial director of CODEPAR (Paraná Development Company), has been named Paraná's representative to the National Planning Council. Riechbitter also is Governor Braga's economic advisor. (UNCLASSIFIED)



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