

# AIRGRAM

PO 2 BRAZ

FOR RM USE ONLY

RM/R	REP	AF
1		
ARA	EUR	FE
NEA	CU	INR
		5
E	P	12
	1	
L	FBO	AID
		9
AGR	COM	FRB
	10	
INT	LAB	TAR
TR	XMB	AIB
		5
ARMY	CIA	NAVY
3	10	3
OSD	USIA	NSA
30	8	3
		NSC 6

47

A-5 LIMITED OFFICIAL USE

NO. \_\_\_\_\_

TO : DEPARTMENT OF STATE

INFO : RIO DE JANEIRO, BRASILIA, SAO PAULO

FROM : Amconsul BELO HORIZONTE

SUBJECT : Biweekly Summary No. 15 (July 6-19, 1965)

REF : --

1965 JUL 26 PM 9 02

DEPARTMENT OF STATE  
BUREAU OF  
ANALYSIS AND  
INTER-AMERICAN AFFAIRS  
JUL 27 1965

DATE: July 21, 1965

### Table of Contents

1. Major Parties Choose Gubernatorial Candidates
  - a) UDN Picks Roberto Resende
  - b) PSD Nominates Sebastião Paes de Almeida
  - c) Election Picture Still Clouded
2. Mannesmann Case Remains in Headlines
3. Minas Mourns Death of Adlai Stevenson

o o o o o

### 1. Major Parties Choose Gubernatorial Candidates

a) UDN Picks Roberto Resende. On July 10, the day the National Democratic Union (UDN) state convention opened, Governor José de MAGALHÃES PINTO finally named his chief political protege and former Secretary of Government Roberto RESENDE as his personal choice for the party's nomination. Having received the nod from Magalhães Pinto, the convention went ahead and quietly nominated Resende (for details, see Consulate's A-3, July 14, 1965).

Resende received an absolute majority on the first ballot, with LACERDA-supporting Federal Deputy Oscar Dias CORREA finishing second. In fact, Correa had a good deal more support among the rank and file delegates than his second-place finish revealed. It is the Consulate's opinion that if the convention had been a completely open one, with Magalhães Pinto promising to support whomever the delegates chose, the UDN nominee would have been

Exempted from automatic decontrol

LIMITED OFFICIAL USE

FOR DEPT. USE ONLY

In  Out

FORM 4-62 DS-323

1965 JUL 26 PM 10 09

COPYFLO-PBR

Drafted by: HSOkun/RDSscarfo:rds 7/21/65

Contents and Classification Approved by:

Clearances: *[initials]*

Action: ARA/BR - WAN /A/te - 8/5/65

Correa. The Minas UDN, however, traditionally permits its acknowledged leader to choose his desired successor; and tradition prevailed in this case.

Resende is a relative newcomer to politics, who has never before run for elective office. He is a 47-year old former physician (specialty: stomach ailments), and is related to Magalhães Pinto by marriage, his wife being a niece of the Governor. Resende's political orientation is that of a reform-minded centrist, with a dose of conservatism where rural matters are concerned.

Resende has spent the ten days since his nomination organizing his campaign staff, making a few personal appearances -- with Magalhães Pinto at his side -- and negotiating with other parties for support. He has not yet chosen his vice gubernatorial running mate, but current indications are that the post will go to the Republican Party (PR), along with a few cabinet positions for the remaining six months of Magalhães Pinto's term of office.

Resende has told us that he hopes to run a "popular", i.e. center-left, campaign. It is probably too early to judge, but it is worth noting that neither he, nor the Governor, has uttered any anti-GOB sentiments since the nominating convention.

b) PSD Nominates Sebastiao Paes de Almeida. The Social Democratic Party (PSD), the principal opposition party in Minas Gerais, nominated controversial Federal Deputy Sebastião PAES DE ALMEIDA as its gubernatorial candidate on July 18 (Consulate's A-4, July 21, 1965).

Paes de Almeida's links with former President Juscelino KUBITSCHKEK (whom he served as Finance Minister and President of the Bank of Brazil) have made him suspect in the eyes of many of the national administration's leading figures. Nevertheless, an enthusiastic rank and file nominated him at the PSD convention, in the belief that the multimillionaire businessman-turned-politician offers the party its best chance of returning to power. At the PSD convention, the spirit of Kubitschek dominated proceedings.

c) Election Picture Still Clouded. Even though the two major parties now have official candidates, the election picture is by no means resolved. The key to the situation is Paes de Almeida, and if he were to be removed from the race -- as seems probable at this point -- it is conceivable that Magalhães Pinto and the UDN might even have second thoughts about Resende. The role of the Federal Government in the Minas gubernatorial race is a weighty one, and indications here are that the administration has not yet given up hope of forcing through a fusion candidate, around whom both the PSD and UDN could rally. With the election only ten weeks away, however, time is growing short for political maneuvering. (LIMITED OFFICIAL USE)

## 2. Mannesmann Case Remains in Headlines

The Mannesmann Steel Company scandal continued to be a major news item and topic of conversation in local business and financial circles. An investigation by local police was completed on July 8 and a 200 page report was submitted to state judicial authorities. After study by the local judge, the report was returned to the public attorney for further information on which to base an indictment against ex-director Jorge SERPA Filho.

Operations at Mannesmann's Belo Horizonte plant continued normally. Speaking with the Consul on July 15, Paulo Lima VIEIRA, the state-appointed interventor said that Mannesmann of Germany had promised the local company two and a half million dollars to help weather the current economic recession. General Dioscoro VALLE, Belo Horizonte Army Commander, told the Consul on July 20 that it was imperative that Mannesmann continue in operation as part of the "national patrimony." Valle indicated to the Consul that well-known national politicians would be implicated in the scandal before the investigations were completed, but he named no names. (LIMITED OFFICIAL USE)

## 3. Minas Mourns Death of Adlai Stevenson

Governor STEVENSON's sudden death caused shock and quite genuine grief here. The local press carried lengthy articles eulogizing him and his ideals, and Consulate officers received many personal expressions of condolence. (UNCLASSIFIED)

*Herbert S. Okun*  
Herbert S. Okun  
American Consul