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POLITICAL

1. Small Parties Progress Toward Merger

A high-level conference of prominent leaders of minor political parties, threatened with extinction by the new political parties law, was convened on September 21 largely as a result of the tireless efforts of ex-President Janio QUADROS and his closest political lieutenants. Somewhat unexpectedly, the discussions concluded in harmony. After prolonged debates in which Janio participated, Senator Arthur BERNARDES Filho, national president of the PR (Partido Republicano), General Severino SOMBRA, national president of the PTC (Partido Trabalhista Cristão), formerly the PTN, and Professor Alipio CORREIA Neto, Sao Paulo state president of the MTR (Movimento Trabalhista Renovador), who represented MTR national president Senator Aarão STEINBRUCK, agreed to formulate definite plans to unite their followers. Though the cautious joint statement issued by them following their meeting avoided reference to a firm accord, tentative statutes and a platform for a new united party have already been drafted for submission to the national conventions of the negotiating groups.

According to press reports, Janio was delighted with the outcome of the session. The gathering was the culmination of an almost endless round of conferences and negotiations which have enlivened the Sao Paulo political scene in the past two weeks and which have generated an infinite number of wildly contradictory rumors. Virtually all elements either directly committed to Janio or well-disposed to him--PR, MTR, PST, PRT, PTC and dissident PTB groups--have been involved in the scramble. There has even been direct flirtation between Janio and leaders of the orthodox Sao Paulo PTB. Spokesmen for the ex-President frankly admitted that their frenetic activity aimed to organize his followers in order to keep alive at least one party under his tutelage. Despite the suspension of his political rights, Janio himself has been the focus of the whirl and has personally participated in most of the huddles. (LOU)

Comment: Despite the amity with which the September 21 session reportedly ended, each party president must yet contend with significant sectors in his party hostile to any inclusion in a Janista team. Some MTR rank-and-file members in Rio Grande do Sul have publicly rejected merger. Ten Sao Paulo PR state deputies, favoring Professor CARVALHO PINTO for state Governor, have threatened to bolt their party, triggering unlikely rumors that to preserve PR unity local Janistas may swing behind CP after all, providing he supports Janio's pal FARIA LIMA, Sao Paulo's Mayor, for the Presidency. However, no matter what strange last-minute deals and modi vivendi are hatched, each of the parties involved will certainly suffer shake-ups and defections.

Nevertheless, while a good deal of missionary work and horse-trading remains to be accomplished before fusion of parties friendly

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to Quadros is actually concluded, it is now almost certain that all current exertions will not be entirely fruitless. Should a broadly based merger prove impossible, a narrower but still apparently viable new amalgamation will most probably emerge based on at least the present MTR and PTC. PTC leaders are already claiming as many as 50 Federal deputies and local party leaders have dutifully made their Janista profession of faith, heralding their party as a "redoubt of Janistas who always loyally backed the ex-chief of the nation and who never betrayed him". While a PTC-MTR merged force may be of relatively secondary importance on the national level, in Sao Paulo it would constitute a party of major rank with significant labor support. (LOU)

2. Ambassador Visits Sao Paulo and Santos

Besides meeting with Mato Grosso PCVs (Item 9), Ambassador GORDON in his brief September 23 visit into the State delivered a well-received address to the American Chamber of Commerce and completed a busy round of activities during an official call on the City of Santos. In Santos the Ambassador laid the cornerstone for a new Bi-national Center, called on Mayor Silvio Fernandes LOPES (PSP), and met local dignitaries at a reception in his honor given by the city. Considerable publicity preceded the Ambassador's visit to Santos, inevitably including an article which claimed that his presence would be connected with possible Alliance for Progress loans to the city. (UNCL)

3. Wide Opposition to Tax Reform Develops

Paulista political parties rarely form a common front on any issue. Recently, however, in an unusual display of state patriotism, important figures in distinctly separate political camps have issued warnings concerning proposed Federal changes in tax collection and distribution, charging that they would ruin the state and mark the doom of federalism. Following Governor Adhemar de BARROS' declaration of war against the new schemes (WS 33), his Secretary of Finance, José da SILVA GORDO, protested that the draft law would amount to a calamitous Federal invasion of state and municipal prerogatives with Sao Paulo being deprived of revenue necessary for its subsistence. He denounced the measure as financial dictatorship of the federation against Sao Paulo which would be transformed into a suppliant for federal funds, as the state would lose 100 billion cruzeiros from changes in the sales and consignment tax alone. Janista leader FARIA LIMA, Sao Paulo's Mayor, charged that needy cities would suffer loss of tax receipt to the extent that mayors would become mere beggars with their hats in their hands, as a result of proposed changes. He pleaded for wide popular support for his efforts to convince the Federal Government to modify the tax structure in such a way as to favor large cities which produce a large proportion of national tax money. UDN Senator Padre Benedito CALAZANS blasted proposals which he asserted would damage the state to the tune of many billions of cruzeiros. PDC candidate for state Governor CARVALHO PINTO likewise went on record opposing the law. (UNCL)

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Comment: While from the Paulista point of view there may be compelling and valid economic arguments against Federal proposals, certainly the political perils of the suggested tax modifications are of paramount concern to the state's politicians. They envision the draft law as the beginning of the end of state financial autonomy and consequently feel threatened by a resultant eroding of Sao Paulo's and their own key political role in the federation. (LOU)

4. Union Election Results

Democratic former interventors consolidated their previous victory over Communist-supported opposition in the Sao Paulo City shoe workers union executive board (WS 37) by winning the runoffs for the trusteeship council and federation delegation. In the Sao Paulo City printers union, the democratic former interventor slate, which barely beat a Communist-supported opposition slate but missed the required majority (WS 37), was maneuvering to take office without holding a runoff election. The situation in this case remains confused. In Santos, a "unity" slate headed by the former interventor of the big metalworker union achieved the necessary quorum. According to one unconfirmed report, this slate allegedly contains some unspecified candidates with records of Communist collaboration. Also in Santos, the popular and democratic former interventor won overwhelmingly in a three-cornered race in the streetcar workers union. Another battle between three slates in the large Sorocaba textile workers union went the other way, as an opposition slate presumably with Communist support roundly trounced the former interventor's slate. The last two Sao Paulo State Labor Federations emerged from intervention and held indirect elections. After a hot dispute which gave rise to subsequent legal appeals, the hotel and restaurant workers federation chose a slate organized by elements close to UDN gubernatorial candidate and Federal Deputy Herbert LEVY, but reportedly containing two individuals linked to the Communists. In the tourism and hospitality workers federation, an apparently democratic slate headed by a graduate of the Labor Cultural Institute (ICT) was elected without opposition. (LOU)

Comment: All the local unions mentioned above were Communist-controlled before the Revolution. (LOU)

5. Santos Port Workers in Turmoil

Probably the bitterest worker resentment in this State against the Federal Government is harbored by the Santos port workers, who have seen their take-home pay reduced significantly and their work-day lengthened by recent unilateral Government measures. In the face of the Santos Port Captain's attempt to impose a new and relatively disadvantageous collective contract on the port unions, allegedly designed to increase port efficiency and economy, democratic union leaders succeeded in mollifying the potentially violent rank-and-file reaction

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and began negotiating new contract terms with the Government. These leaders realized that abuses existed in port personnel operations and were willing to cooperate with the Government in improving port operations provided the latter took into account the workers' viewpoint. However, the Government apparently took another tack and last week submitted to the Congress proposed legislation which sets wage levels, hours, and working conditions in the ports, and in effect gives the Companhia Docas de Santos, the privately-owned port concessionary, complete control of port operations to the exclusion of the unions and the practical negation of collective bargaining. At this point the democratic port workers' cup ran over.

On September 19 two manifestos appeared sharply attacking Federal Government policies concerning maritime and port workers, and comparing its treatment of port workers to Castro's treatment of Cuban workers. The Santos Port Captain immediately opened an inquiry to fix responsibility for the declarations which he termed subversive and untrue. The manifesto on port workers was drafted in a Rio de Janeiro meeting on September 18 attended by four Santos representatives: the president of the dock crane operations union, the interventor from the largest port worker union, and two port worker leaders who are graduates of the Sao Paulo Labor Cultural Institute (ICT) affiliated with the American Institute for Free Labor Development (AIFLD). The first-named admitted his participation in and support for the manifesto and was suspended from office pending completion of the inquiry. One of the ICT graduates involved told the ConGen that all four face imminent arrest and at least some of them plan to seek asylum in foreign embassies. In their despair some workers seem to have turned against their union, and one incident of willful damage to a union hall was reported. Several knowledgeable sources in the port unions claim that passage and implementation of the new Government port legislation could lead to possible wildcat strikes and other forms of violence on the Santos docks. (LOU)

Comment: While the port operations badly need a thorough overhaul, most labor observers agree that the Federal Government has displayed considerable ineptness in its dealings with the unions. Long-term efforts by various organizations, including the ConGen, to promote democratic leadership of the port unions, mostly Communist-controlled or influenced prior to the Revolution, are being negated by Government strong-arm tactics. Communist former union officials are the ones most likely to benefit from Government bungling. (LOU)

6. Candidates Shine Up to Janio

Far from contentedly languishing on the political shelf, ex-President Janio QUADROS, barely bothering to conceal his continuous activity behind the scenes, has without hesitation entered into national

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political maneuvering (Item 1). Two weeks ago pilgrims from Paraná were rewarded with an endorsement of their gubernatorial candidate, MUNHOZ DA ROCHA, and Janio promptly dispatched henchman FARIA LIMA to the neighboring state to orate for him. Alagoas MTR gubernatorial hopeful, Geraldo SAMPAIO, arrived in Sao Paulo shortly thereafter, identified himself to the press as Janio's devoted follower, enjoyed an audience with his idol, and departed to his Alagoas fight, bearing the Janista aura. Mixing into the Guanabara gubernatorial election, Janio let it be known that his choice was PSD/PTB candidate NEGRÃO DE LIMA, who in the past has openly demonstrated his friendship for the ex-President, who gladly is returning the favor. In the Sao Paulo 1966 race, PDC nominee CARVALHO PINTO, though his chances of receiving Janio's blessing appear slim, has not yet given up hope. Recently he maintained that there was no distinction between Janistas and Carvalhistas because they subscribed to the same high principles, and he claimed that he was convinced that the two sectors would unite for the state election. (However, at the same time CP, seeking support wherever he can find it, announced that ex-President GOULART, in his opinion, "was a conservative man of typically bourgeois background who never was a communist".) (UNCL)

Comment: Evidently old political pros are convinced that Janio is no longer a leper and that his support now means something. As the ConGen has previously reported, both Carlos LACERDA and Herbert LEVY have openly solicited Janio's nod (WS 35, 23, 17). Should any of Janio's candidates win big, as did Faria Lima in Sao Paulo, Janio's stock will rise still further. As is to be expected, Janio's political liveliness is sending O Estado and local "hardliners" into paroxysms. (LOU)

7. Lincoln Week Planned

To commemorate the centenary of the death of Abraham Lincoln the Sao Paulo City government through its city council leader, Rafael GIOIA Junior (PTC), has proposed sponsorship of a Lincoln Week next November or December, to be highlighted by public lectures by prominent personalities. Among the orators he suggested is Janio QUADROS, who for many years has been claiming that Lincoln is his special hero and that he is writing a book about his life. (UNCL)

Comment: Local cynics are whispering that the whole idea behind Lincoln Week is to dramatize Janio and his followers and to afford the ex-President an indirect and safe way to make important political pronouncements. (LOU)

8. New General Lauds Revolution

On assuming command in Santos of coastal and anti-aircraft artillery units of the Second Military Region, General Aldemar FERREIRA GARCIA, an old hand in Sao Paulo affairs, strongly identified himself with the Revolution of March 31, 1964. The General pledged himself and his command to guard against any resurgence of subversion and cor-

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ruption in public life. He praised the Revolution as the "redeeming movement with which the people repelled so much immoderation and agitation in our country." (UNCL)

Comment: No newcomer to the state, General Oldemar served as Commander of the Sao Paulo State Military Police (Força Publica) in 1961 and 1962 during the governorship of CARVALHO PINTO. (UNCL)

9. Peace Corps Volunteers Meet

Eighty-six Peace Corps Volunteers assigned to the state of Mato Grosso are meeting in Sao Paulo this week to assess their effectiveness and to discuss means of improving their performance. Ambassador Lincoln GORDON was among distinguished personalities who addressed conference sessions. Press coverage of the gathering, while mostly factual, has been friendly in tone. (UNCL)

PSYCHOLOGICAL

1. The New War in Asia and the Chinese Threat

Top international story in the headlines and editorials of Sao Paulo press continued to be the Indian-Pakistani conflict, although somewhat eclipsed by Red China's threat to invade India. General consensus is that a Chinese military action against India would immediately carry the U.S. support to the latter country and this would be the beginning of a new world war. Foreign policy experts of O Estado de Sao Paulo wondered about the position of the Soviet Union in this eventuality and asserted that, in this case, "Moscow would be in a big dilemma: to chose between Communist China and the U.S.-supported India, for the USSR couldn't take a neutral position regarding a conflict close to its borders".

Headlines greeted the acceptance of a cease fire, O Estado commenting that the fact that both India and Pakistan have accepted the truce proposal is an undeniable and significant success for the United Nations. It went on to say that the UN could have not accomplished its peace mission if it were not for the tacit agreement between the United States and Russia. (UNCL)

2. Senator Fulbright's Criticism of U.S. Intervention in the Dominican Republic

Senator Fulbright's speech condemning U.S. military actions in the Dominican Republic got relatively wide play in local newspapers, and radio and television broadcasts, but was not a subject for important reaction or comments. Only Folha de Sao Paulo and its affiliated Ultima Hora published small analytical notes on the Senator's criticism giving him tacit support. UH said that the United States closed its

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eyes to reality in the Dominican Republic and, finally, even lost the support of "super-reactionary General Wessin y Wessin. We hope the Department of State learned a lesson", concluded the short editorial. (UNCL)

3. Elections in West Germany

Folha and O Estado de Sao Paulo commented on the results of last Sunday's elections in West Germany and both agreed that they were "a major victory of democracy in Germany". As for Folha, "the most important element in the (election) results was the general repulse to extremisms of the Right and the Left". The same paper asserted that Latin American countries have the following lesson to learn from the results of the West German elections: that "the best and most efficient way to fight Communism or any other totalitarian regime is to promote national development". (UNCL)

4. Berkeley Group Urges Foreigners to Protest Against U.S. Policy in Vietnam

Two mimeographed sheets in Portuguese are being distributed among Sao Paulo student circles, containing "a proclamation to urge the organization of demonstrations against U.S. intervention in Vietnam and the Dominican Republic. The proclamation is being mailed from the United States by the so-called "Vietnam Day Committee", a self-styled organization of students, teachers, and other groups from Berkeley, California. The Committee proposes that "the peoples of the world proclaim the next 15th and 16th of October as International Days of Protest against American military intervention" and urges them to publicly carry out their protests on those days, through various means. It is suggested, for instance, that protests be made in front of "American Embassies in Europe, Africa, Latin America and Asia" to backstop protests from the U.S. The Committee also says that it is preparing a newspaper, a book, and a film on Vietnam, and promises to send this material to foreign groups.

The proclamation also contains bitter criticism of the U.S. Government, and says that "the American people voted for peace and received a war policy; and it is being treated like a plaything which is ignored and manipulated". (UNCL)

5. Soviet Radio Station Attacks Brazilian Army

An indignant story in Sunday's O Estado reported on a "campaign of insults against the Brazilian Army and War Minister Artur da Costa e Silva...with the object of fomenting discord between our own and neighboring countries," being carried on by a Soviet Portuguese-language short-wave radio station. One broadcast accused the Third Army of holding maneuvers near the Uruguayan border with the object

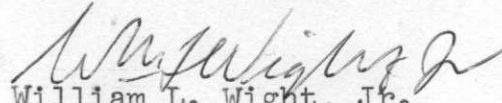
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of invading that country if a "national liberation movement should break out". The broadcast went on to state flatly that a recent meeting between Brazilian and U.S. military in Porto Alegre was "part of a plan elaborated by the CIA in which the Brazilians would have the role of 'gendarmes' in the suppression of national liberation movements". General Costa e Silva and Argentine Army Commander, General Onganía, would be in charge of executing the plan. (UNCL)

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