

AIRGRAM

POL 2-1 BRAZ

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RM/R	REP	AF
1		
ARA	EUR	FE
10		
NEA	CU	LBA
	5	2
	ESK-HOCKMAN	
	1	
	INR/D	AID
	1	9
	PC S/P	S/P
	2	1
AGR	COM	FRB
2	3	3
INT	LAB	TAR
	2	
TR	XMB	AIR
2		10
ARMY	CIA	NAVY
10	20	7
OSD	USIA	NSA
46	11	3
		NSC
		6

405

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NO.

HANDLING INDICATOR

TO : DEPARTMENT OF STATE

1966 OCT 31 PM 3 17

RS/AN ANALYSIS BRANCH

FROM : Amembassy RIO DE JANEIRO

DATE: October 28, 1966

SUBJECT : WEEKA 42

REF :

CONTENTS

POLITICAL

1. Aftermath of Congressional Crisis
2. Lacerda Releases "Broad Front" Manifesto
3. Visit of Bolivian President
4. Labor and the Elections
5. IMF Mission Arrives
6. Stock Exchange Regulations~

MILITARY

Negative

ALLIANCE FOR PROGRESS

7. First Payments of Workers Scholarships

PSYCHOLOGICAL

8. Manila Meeting
9. Rio Press Reacts to IAPA Meeting

GROUP 3: Downgraded at 12-year intervals; not automatically declassified.

Action Assigned to: *RAR*

Action Taken: *noted*

Type of Action: *1/2*

Action Office Symbol: *RAR*

Name of Officer: *Werner*

RM/R: *file*

1966 OCT 31 PM 8 25

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In Out

FORM 4-62 DS-323

Drafted by: POL:Ed:PSolmssen:ek

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Clearances:

DECLASSIFIED
Authority NND 959000

POLITICAL1. Aftermath of Congressional Crisis

Following the recessing of Congress by the President (WEEKA 41), statements supporting his action were made by the majority of the governing board of the Chamber, the leadership of the ARENA party and by numerous state governors. Opposition leader Viera de Melo denied the President's charges that the MDB was attempting to disrupt the elections and upset the schedule of the presidential succession, although the MDB is disposed to accept earlier office-taking by Costa e Silva, as suggested by Carlos Lacerda. Statesman and former Minister of Justice Milton Campos in his Minas Gerais senatorial campaign called for "institutionalization of the revolution", saying that the process must be brief, in order to avoid the "consecration of arbitrary rule."

Public reaction to the closing of Congress has been apathetic, mixed with some apprehension over the generally anticipated prospect of additional cassations. The military are said to have received the news of the recess calmly, and on the whole favorably. The majority of newspapers, including the moderate JORNAL DO BRASIL, were critical of Castello Branco's move. (LIMITED OFFICIAL USE)

2. Lacerda Releases "Broad Front" Manifesto

In a well-publicized move on October 27, Carlos Lacerda released the text of a manifesto alleging to speak for the "broad front" (frente ampla) of forces opposed to the Castello Branco regime. Prior to handing out the manifesto to newsmen, Lacerda explained that other principals, meaning former presidents Juscelino Kubitschek and João Goulart, had not signed because of regime threats to cause trouble to their relatives and colleagues remaining in Brazil. Lacerda was thus the only principal signer, which is appropriate since the manifesto is almost completely his brainchild.

Purporting to speak in the name of the majority of the people, the manifesto appeals to various segments of the population, listing some of their grievances and promising they will be alleviated by a new regime. Decrying the present administration as "imposed", the manifesto calls for free, popular, secret elections and the replacing of those "who have failed to inspire confidence in the people." An economic program "dictated solely by Brazil's national interest" is called for, while the IMF is denounced for producing only negative results over the past two years, and foreign advisers are accused of secretly running the country. After demanding a foreign policy free of any "politico-military blocs", the manifesto ends with an exhortation for "popular union to liberate, democratize, modernize and develop Brazil." (UNCLASSIFIED)

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3

COMMENT: The refusal of Kubitschek and Goulart to sign the "broad front" manifesto will probably save Lacerda from having his political rights canceled by the regime at this time. The fairly bland and uninspired manifesto does not seem at this juncture destined to galvanize the dispirited opposition to any effective action against the Government. There is general recognition that the manifesto is designed to promote Lacerda's fortunes, with a consequent lack of endorsement from other elements of the opposition, including the MDB. (LIMITED OFFICIAL USE)

3. Visit of Bolivian President

General Rene Barrientos, President of Bolivia, arrived in Brazil on October 24 to begin a six day visit that will take him to Brasilia, Rio de Janeiro and São Paulo. Some embarrassment was caused when several members of the Bolivian Congress who were scheduled to accompany President Barrientos refused to do so in protest of President Castello Branco's closing of the Brazilian Congress. Brazilian press coverage of the visit has been ample and generally friendly.

During their meetings, President Castello Branco told the Bolivians of Brazil's continuing interest in the economic integration of South America. He also committed Brazil to assisting land-locked Bolivia in finding water access to the Atlantic through either the Rio Plata or Amazon River basins, and proposed the construction of a railroad line connecting Bolivia and Brazil. Barrientos, in turn, proposed selling natural gas from Bolivia for use in Brazilian steel mills at Volta Redondo.

In addition to meeting with Castello Branco, Barrientos also met with President-elect Costa e Silva. (CONFIDENTIAL)

4. Labor and the Elections

Brazilian labor is involved in the preparations for the November elections, even though the labor law prevents political activity by trade unions. A number of labor leaders are candidates, especially in São Paulo where telephone worker Helcio Maghenzani and railroad worker Hary Normanton are running for re-election as Federal Deputies on the MDB ticket and several other leaders are candidates, including São Paulo Metalworkers Federation president Argeu dos Santos (ARENA) and National Agricultural Workers Confederation (CONTAG) President Jose Rotta (also ARENA). Candidates of both parties are appealing to the labor vote by appearing at various meetings of labor groups. The Minas Gerais Bankworkers Federation has been threatened with intervention by the Regional Labor Delegate for releasing a "blacklist" containing the names of candidates for whom union members were urged not to vote.

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4

Some sources indicate a general worker apathy about the elections, but others predict an overwhelming MDB victory in urban areas. Several of Argeu dos Santos' strongest supporters among metal-workers leaders in the São Paulo interior have apparently withdrawn their support because of his candidacy on the ARENA ticket. CONTCOP secretary-general and AIFLD-graduate Romulo Marinho was reportedly denied a spot on the MDB-Guanabara slate for Federal Deputy because party leaders felt he was too pro-American. On the other hand, rural worker votes are expected to give Jose Rotta a win in his race for Federal Deputy from São Paulo on the ARENA ticket. (LIMITED OFFICIAL USE)

5. IMF Mission Arrives

Three IMF technicians arrived in Rio on October 26 to commence studies of 1966 GOB financial performance which will serve as the basis for negotiation of a 1967 stand-by credit. The three technicians will be joined shortly by Jorge Del Canto, chief of the IMF's Western Hemisphere Division who will lead these negotiations. (UNCLASSIFIED)

6. Stock Exchange Regulations

New regulations governing the operation of Brazil's stock exchanges were promulgated by the Monetary Authorities on October 21. The regulations are designed to facilitate recourse by entrepreneurs to personal savings as a source of investment capital; for example, they require disclosure of certain information by the corporation as part of a system of safeguards for the investor. (UNCLASSIFIED)

ALLIANCE FOR PROGRESS

7. First Payments of Workers Scholarships

After almost a year of delays and passed deadlines, unions began receiving checks on October 27 for the first 30% payment of the workers scholarships granted to 23,000 recipients by the GOB and financed from counterpart cruzeiros from the 1966 program loan. According to the Ministry of Labor, the first payment will total almost 3 billion cruzeiros out of a planned budget of 9 billion for this calendar year. Checks for the remaining 70% will reportedly be released in the near future. (LIMITED OFFICIAL USE)

PSYCHOLOGICAL

8. Manila Meeting

President Johnson's statement at the Manila meeting, the communique and his quick trip to South Vietnam were given page-one prominence

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5

in most Rio papers this week after interest had waned during his Australia visit. Although papers are devoting most editorial space to domestic political events, there have been a few editorials on the Manila meeting. Most of them have taken the pessimistic view that the communique was unrealistic and added nothing new to known positions. However, a few editorials expressed the hope that the meeting may somehow eventually bring Hanoi to the conference table. (UNCLASSIFIED)

9. Rio Press Reacts to IAPA Meeting

Anti-government newspapers found another way of attacking the Government this week when the Inter-American Press Association meeting in Lima came out with a guarded warning that the proposed new press law here might restrict freedom of the press. ULTIMA HORA and TRIBUNA DA IMPRENSA featured the story prominently, while such papers as JORNAL DO BRASIL simply mentioned this aspect of the IAPA report without giving it undue attention. (UNCLASSIFIED)

TUTHILL

CONTRIBUTORS:

POL: LWBowden, RPHipskind,
PSolmssen, RHWilliams
LAB: HWBaker, REGinnold
USIS: DStanley

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