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SUBJECT : PORTO ALEGRE WEEKLY SUMMARY No 52

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 DEPARTMENT OF STATE
 BUREAU OF
 INTER-AMERICAN AFFAIRS
 APR 22 1963

1. Meneghetti Denounces Agitators; Calls for National Union
2. Meneghetti Receives Legislative Setback
3. San Thiago Dantas and Jânio Quadros Invited to Visit Porto Alegre
4. Radio-TV Gaúcha Sold
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1. Meneghetti Denounces Agitators; Calls for National Union

In a rousing speech given on the occasion of the assumption of office by the new Secretary of Energy and Communication, General Amyr Borges Fortes, Governor Meneghetti stated that Rio Grande do Sul finds itself in a financial crisis of unprecedented proportions, and that the State's economy must undergo thorough structural modifications if utter chaos is to be avoided. But, he continued, it is not RGS alone which must be modified, but the whole of Brazil, which is now in a situation similar to that of 1929. Turning against the "agitators" which have been denouncing his

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government, he said that it is not enough for them to call themselves the supporters of the working classes. "Let each worker, each farmer, each landless agriculturist, each housewife, each student, each industrialist or business man ask himself this question: What have they done for me? Who is actually responsible for the present situation in our state? The hour has come to distinguish clearly between words and acts." Continuing his plea for national union, he added: "Either all of us work together, from the North to the South, or this nation will sink in the stormy sea of petty partisan politics. The support of my government for the federal financial policy - a difficult and hard policy - has as its only objective our participation in the common effort to take the country out of the chaos in which it finds itself. I regret that it should be those who call themselves supporters of the President of the Republic who are the first to make difficulties for such a policy of restraint and economy."

Comment: Meneghetti has had to swallow heavy doses of Brizola recently and his customary poise has been shaken by attacks on his policy of ridding the state's rolls of unneeded contractual employees (see item 2 below). This speech, possibly his most energetic since he took office on January 31, has been warmly praised by anti-PTB elements, even those whose admiration for the governor is normally somewhat tepid.

(Prior to his appointment, General Borges Fortes was director of the Siderurgica Aco-Norte in Recife. In his own speech, he described himself as being outside politics. His main task in his new position will be to convert the State Commission for Electric Energy (Comissao Estadual de Energia Eletrica-CEEE) into an enterprise which will be partially state-, partially privately owned. When this objective has been reached, the Secretariat is scheduled to be abolished.)

2. Meneghetti Receives Legislative Setback

Governor Ildo Meneghetti suffered his first major legislative setback when the PTB, aided by the MTR, passed by a vote of 28 to 27, a bill which would extend the tenure of some 24,000 contract workers until December. Meneghetti, whose administration is in serious financial difficulty, had planned to allow the contracts of most of these employees (appointed by ex-Governor Brizola) to lapse on June 1 (see Weekly Summary N°50, A-50). Reports have it that Meneghetti will veto this legislation, thus laying his prestige on the line before a hostile legislature which needs only the same number of votes-28-to override his veto.

Comment: It becomes increasingly obvious that Meneghetti will have to make a better deal with the MTR (and the maverick PL) if he expects to deal with the present legislature. While this development was not unexpected, the price Meneghetti may have to pay is likely to approach a prohibitive level.

3. San Thiago Dantas and Jânio Quadros Invited to Visit Pôrto Alegre

Rio Grande do Sul business, financial and agricultural leaders last week invited Treasury Minister San Thiago Dantas to visit Pôrto Alegre, "in order to discuss matters relating to the economic-financial situation of the country". The telegram extending the invitation was signed by representatives of the Federation of Rural Associations, the Federation of Commercial Associations, and the Union of Banks.

A different sort of invitation was extended by President of the State Assembly, Cândido Norberto, who asked ex-president Jânio Quadros to come and "visit among the gauchos". Apparently Norberto's gesture is designed to prove that he is not a fair-weather friend. He made it clear that his invitation was personal and did not proceed from his MTR, which supported Quadros during the latter's presidential campaign here.

4. Radio-TV Gaúcha Sold

The reported sale of RGS Radio and TV Gaúcha stations to the "Simonsen group" of São Paulo has produced a spate of rumors concerning political implications of the sale. One such rumor is that the Simonsen group is fronting for President João Goulart (and, by inference, his brother-in-law, Federal Deputy Leonel Brizola); another is that the group will represent the political interests of presidential hopeful Juscelino Kubitschek; a third, taking alarm at the international connections of the Simonsen group sees the purchase as an "invasion of speculating barbarians". An anonymous paid announcement in today's press called for a parliamentary inquiry to investigate the intentions of the Simonsen group and noted darkly that the new directors will be "nephews and cousins of President Goulart".

Comment: The Consulate at present is unable to ascertain whether or not there is any political motivation behind the purchase of the Radio and TV stations.

5. Yugoslav Trade Representatives Examine Possibilities of Increased Exchange Between Their Country and RGS

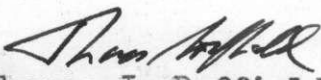
Visiting Pôrto Alegre on April 10, Messrs. Rajke R. Petrovic and Pere R. Lukuic, described as members of the permanent Yugoslav mission to Brazil, discussed with the local Chamber of Commerce the possibility of increased trade between Yugoslavia and Rio Grande do Sul, in the form of barter deals whereby the former would provide electrical equipment in exchange for grain, hides, vegetable oils and wool. They stated that a trade mission from Yugoslavia would be coming here shortly to examine the matter in greater detail.

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6. Economic Notes

a. Novo Hamburgo Shoe Fair Delayed by Bad Weather: The First National Brazilian Shoe Fair, originally scheduled to open in Novo Hamburgo on May 1 has been postponed until May 25, in consequence of a storm which ripped off most of the roof of the main exhibition hall. The Fair will remain open until June 16, and in addition to its professional operations will feature such attractions as the election of "Cinderella of the Shoe Industry" on May 4 and that of Miss Rio Grande do Sul on June 1.

b. Porto Alegre May Go Meatless During Winter Months: The continued supply of meat to Porto Alegre during the winter months when slaughtering is discontinued, is threatened through refusal of the Banco do Brasil to release amounts needed for the financing of the cold storage of 5,000 toneladas of meat. In the event that the bank does not reverse its decision in time, the RGS Meat Institute plans to intensify its efforts to prepare for the sale of fish and crustaceans to the public through the butchers and other Institute outlets.


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