

# AIRGRAM

POL 2-2 BRAZ

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ARA	EUR	FE
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TO : DEPARTMENT OF STATE

INFO : Amembassy, Rio and Brasilia  
Amcongen, Recife

FROM : American Consulate, SALVADOR

DATE: June 7, 1963

SUBJECT : Weekly Summary

REF :

DEPARTMENT OF STATE  
1963 JUN 14 AM 11:02RS  
JUN 14 1963  
RM/AN  
ANALYSIS & DISTRIBUTION  
BRANCH

HANDLING INDICATOR  
No Action  
ARA:LA/BR  
R. Burton  
JUN 18 1963

1. Bahia Revises Requests for USAID Assistance
2. Finance Secretary Increases Revenues
3. Rural League Incident Still Being Investigated
4. General Albino Silva to Head Petrobras
5. Psychological

1. Bahia Revises Requests for USAID Assistance

In the hope of obligating funds still available for USAID projects this fiscal year, Bahia has re-submitted to USAID-RECIFE its request for assistance on some ten projects totaling about \$12 million in USAID participation. Governor Lomanto gave emphasis to a public administration project involving the University of Bahia and the State Government, and to several projects related to the control of food supplies and to food sales designed to stabilize supplies and prices.

2. Finance Secretary Increases Revenues

State Finance Secretary Honorato Viana has cracked down hard on several tax collectors accused of mishandling state funds. He has created investigation committees and has brought charges against some collectors personally.

Improvements in collection procedures have already resulted in a considerable increase in revenues. With additional measures, Secretary Viana is reported to be hopeful of increasing collections by as much as 300%.

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FORM 4-62 DS-323

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Contents and Classification Approved by:

Clearances:

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Authority NND 939529

He has taken steps to cut down on expenditures and informed the Consulate that he is authorizing purchases now on a cash basis only. If there is no money, there will be no purchase.

Comment: The Consulate and Mr. Nolle Smith, USAID representative, were very well impressed by Viana. He seems to be scrupulous and tough. If he continues to be backed up by Governor Lomanto, there is little doubt that he will bring about a big improvement in finances. He recognizes the existence of severe deficiencies in the financial system and has welcomed the possibility of USAID assistance in making administrative improvements.

3. Rural League Incident Still Being Investigated.

The incident which led to the murder of a farm foreman near Salvador (see last week's summary) is still being investigated. Some members of the mob which killed the foreman are said to have been taken into custody. Wives of several of them are being held. Additional details of the incident tend to reduce the political overtones since personal revenge appears to be the dominant motive. Nevertheless, there seems to be little doubt that the peasants were incited and led in their action by a leftist organizer and agitator who heads up one of the nearby peasant leagues. Considerable Communist line propaganda material was found in the league headquarters which was raided by the police.

4. General Albino Silva to Head Petrobras.

Announcement that President Goulart had nominated General Albino Silva as head of Petrobras caught everyone by surprise since no hint of this move was given during Goulart's visit here a few days before. Petrobras workers' reactions have not become manifest, but it is believed they are in a rather awkward position to object just after the President's gesture of coming to Salvador specifically to attend the inaugural of the Syndicate's new headquarters.

Comment: The President's move appears to have been carried off in a dextrous manner. It has pleased the center and right, and put the left off balance.

5. Psychological

Father Peyton's revival service and the Pope's death overshadowed other events, but through this and through the usually placid Bahian scene there was a note of irritation and unrest. Commentators were unhappy about holes in the

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streets; uncollected garbage, bus fares, traffic control - and incidents of peasant action in the near-by fazendas continued to be aired critically. A Tarde viewed these incidents as the results of a deliberate Communist campaign, called for more stringent police control but counselled against counter-violence.

Ministerial reform became a more general topic of comment. The Estado da Bahia launched a savage attack against Almino Afonso, Minister of Labor, and called for Goulart to take action against this "Russian nationalist ... this servant of Russian imperialism". The paper also attacked what it termed Goulart's "duplicity" and his well-known tactic of honoring both God and the Devil in his attempts to communize Brasil.

The Jornal da Bahia returned to its criticism of the EB&S deal, basing its righteous outrage on the fact that if Hanson's News Letter could again condemn the deal, then certainly Brazilians had to - and were going to do so.

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