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1. Bevilaqua wins the round.

On September 24, the eve of his trip to Rio to be scolded by the War Minister, Second Army Commander Pery BEVILAQUA repeated his criticisms of Communist labor groups in terms even stronger than those used on September 18 (last Weekly Summary). He labeled the labor agitators "pimps exploiting the work of others," among other uncomplimentary descriptions. This time, moreover, his statements were directed straight at the public without the previous thin disguise as an instruction to the troops. General Bevilaqua's new outburst heightened fears of a serious showdown between him and President GOULART. Officers of the Consulate General had seldom seen Paulista friends so worried. Some were getting passports in order and

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buying up dollars. (The exchange rate shot to a new high.) Many more began to predict that President Goulart would not last much longer in office, especially if he dared to remove the Second Army Commander.

The issue seemed clear-cut to most Paulistas. The General's attack on the Communist labor organizations had the expressed massive support not only of the far right but of democratically oriented groups all over Brazil. Bevilaqua probably did not intend to have his statement converted into a cause célèbre by the opposition to the national Government, but he voiced no objection when this occurred. Lined up against the General, on the other hand, was the extreme left. The only newspapers that spoke against him were Brasil Urgente and Goulartist Ultima Hora. The only public figures who came out against him in São Paulo were Leonel BRIZOLA (deploring Pery's "gorilla-zation") and some PTB labor stooges. These minority forces were in the uncomfortable position of opposing the obvious vast majority of public opinion. They nevertheless confidently predicted that Bevilaqua would be removed from office. The General, after all, had breached military discipline in the process of taking a deep cut at President Goulart's labor apparatus.

But, on September 25, the War Minister did no more than issue a note slapping General Pery's hands. Bevilaqua left the field silent but victorious: nothing less than removal from command would have been punishment to fit the circumstances. Local observers did not think that the Second Army Commander would last very many more months; they felt sure that Goulart would get him after an eventual Cabinet shuffle, if not sooner. But the loser for this round certainly appeared to have been the extreme left and, by extension, the President, who had appeared to lack the strength to administer discipline.

Since September 25, the General has been quiet but pleased by the manifestations of support that still pour in. Though he declined Governor Adhemar de BARROS' public offer of a golden sword, the two seem to continue with a good understanding. Governor Barros had been the principal force egging Bevilaqua on throughout the incident. Sources close to Adhemar nevertheless report that Bevilaqua considers himself to have been used by the War Minister rather than the São Paulo Governor. (LIMITED OFFICIAL USE)

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Comment: The above reflects São Paulo politicians' assessment of the Bevilacqua crisis. It sounds plausible to the Consulate General. From here, it looked as if Goulart had no choice but to demonstrate weakness rather than buck the General's public and military support.

The incident is closed but not settled. It created strains that could become important in the next step of the continuing crisis (item 2). At best, it left an unusually jittery São Paulo public. (LIMITED OFFICIAL USE)

2. Adhemar/Jango feud reaches crisis stage.

During his first months in office, Governor Adhemar de Barros made a superficial effort to get along with President Goulart, whose cooperation is important to the State. But Goulart, undoubtedly aware that Adhemar was scheming against him even to the extent of preparing for armed resistance, showed no signs of cooperating. Adhemar got nothing from the Federal Government that would help the State Administration, and his temporization allowed Guanabara Governor LACERDA to shine as the only hero of the resistance. These poor results would probably have led to an Adhemar/Jango break before long. As it happened, the break was precipitated by latest Santos strike (Weekly Summary of September 13). Adhemar was delighted by the popularity of his vigorous repression of the strike, while Goulart clumsily allowed himself to be pictured as taking the other side. Encouraged, Adhemar began to make more frequent and less oblique attacks on the national Government, portraying it and the Communists as the forces responsible for the ever more serious state of agitation (item 3). Then, last week, the newspapers carried reports that President Goulart planned to make a major speech accusing the São Paulo and Guanabara Governors of being the agitators. The speech did not come on schedule, but Adhemar replied to it in advance. During a number of municipal campaign appearances in small São Paulo towns (item 4), he directed frequent warnings at the President. Once he reportedly assured listeners that they did not have to worry about a possible Communist revolution: he had 60,000 armed men to resist. (The militarized State Police would account for less than half this figure. No one knew whether the rest were friendly Army troops, the armed civilian "democratic action" groups, or exaggeration.) Another time he said that he "did not yet believe in '65" -- i.e., was not sure that constitutional government would continue until the presidential elections.

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Goulart's military ministers replied on September 30. In a violent note primarily directed at Lacerda, they also hit at "provocations...of Governors like the one in São Paulo...." Adhemar's rebuttal came as this report was being drafted. It very gently reproached the military Ministers for playing Goulart's game, counterbalancing that with praise for the Armed Forces. Predictably, it portrayed Adhemar as trying to maintain the law and order threatened by Communist labor leaders and -- between the lines -- the Federal Government. It reflected the Governor's worry over the possibility of Federal intervention in São Paulo. Adhemar again hinted that such force could be met by force, referring briefly to the revolution of '32.

Comment: Goulart's differences with Adhemar (as with Lacerda) have reached the crisis stage, and many local observers again fear a violent outcome. The Consulate General suspects that the investigation into rightist arms caches, still in full swing (Weekly Summary of September 27), could result in further serious exacerbation. Adhemar can very possibly be proved deeply implicated. Both he and Jango, in fact, have plenty of good reasons to want to be rid of the other. (LIMITED OFFICIAL USE)

3. Governor asks quick decision on agrarian reform.

In a message read to the Federal Chamber by a PSP Deputy, Adhemar de Barros asked for an urgent decision on the pending topic of agrarian reform (São Paulo airgram A-104 of October 4). The São Paulo Governor argued against the proposed constitutional amendment for land expropriation. He opined, however, that the most important thing was for Congress to hurry up with whatever decision it intended to take. The existing demagogic discussion, he explained, only added to the rural climate of insecurity and agitation, setting the landless against the landowners. He catalogued the other complaints of the "forgotten farmers" against the Government. Unless Congress put an end to the suspense, said Adhemar, farm activity would decline to the point of making 1964 "the year of hunger." (UNCLASSIFIED)

Comment: Adhemar's statement was well done. It certainly appealed to the farmers, and the reference to food shortages was calculated to stir city dwellers as well. Many objective local observers found it an accurate description of real problems. Adhemar, thus, apparently had some success in getting across the picture of himself as a responsible statesman

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opposing the agitation of President Goulart. Unfortunately for the São Paulo Governor, attention was distracted from the statement by the events described in the previous item.
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4. Municipal election campaign in home stretch.

Elections for city councilmen and, in many cases, Mayors will be held in 369 São Paulo municípios (townships) on October 6, 13, and 20. The campaign is therefore in the final stages, but one would never guess it from the publicity or the public interest. Preparations for the elections have been totally overshadowed by the tightening spiral of crises (item 1 and 2). Interest in the campaigns is strictly parochial except insofar as they will influence the trends for future, more important contests. Some of the major São Paulo political forces -- Jânio QUADROS and CARVALHO PINTO, for example -- have not even stumped for their followers among the candidates. The UDN, PSD, and other parties have campaigned at the Federal Deputy level, but the only party with a national figure helping it is the PSP. Governor Adhemar de Barros has recently visited many towns in the interior. Officers of the Consulate General have heard some reports of favorable receptions for Adhemar's campaign line (item 2). Adhemar would like to see "his men" elected in half of the approximately 300 municípios where they are running. Electoral lieutenants originally thought that they could do this, but they now appear to be less optimistic. Candidates do not necessarily have to belong to Adhemar's PSP to be "his men"; they can be from other parties in or out of coalition with the PSP, so long as they are judged "responsive." The PSP is said to be troubled and probably weakened at the moment by a large number of internal quarrels of varying degrees of seriousness. (LIMITED OFFICIAL USE)

Comment: The municipal elections are of especial importance to Adhemar in forming electoral bases for his 1965 presidential campaign. (LIMITED OFFICIAL USE)

5. Quarrel within PDC gets louder.

Members of the older, moderate wing of the Christian Democratic Party have been growing more determined to fight the leadership of the extreme-leftist wing. At the latest PDC national convention, the moderates were towed around by the extremists without offering effective resistance (Airgram 370 of May 30). The moderates have now grown more militant, partly

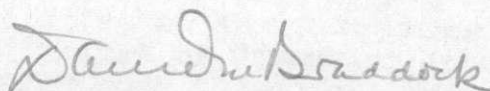
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as a result of having awakened to what is going on, partly in consequence of the increasingly vulnerable position of the whole leftist Catholic/PDC movement (Weekly Summary of September 27 and previous), and partly as a result of increasing objections to Paulo de Tarso (SANTOS), the extremist PDC Minister of Education. Paulo de Tarso has not escaped the corrosion that usually eats at members of President Goulart's cabinets. His pro-Communist leanings and self-centered politics would expose him to criticism in any vulnerable position. Many of the criticisms of him come from within the PDC: Tarso's party colleagues do not like his blithe disregard of their advice for national nominations. He has further angered them by campaigning only for his brother in the elections for the São Paulo City Council (item 3), letting the rest of the Christian Democratic candidates shift for themselves. And, of course, many sincerely object to his adherence to the Commie line. A small rebellion has begun to brew in the local PDC, with calls for another national convention. The reaction is apparently not confined to São Paulo: many PDC moderates are known to be in Rio, and Porto Alegre Airgram 16 reports that the Rio Grande do Sul PDC has formally repudiated the Paulista Education Minister. (LIMITED OFFICIAL USE)

Comment: The Consulate General has not yet seen adequate evidence that the moderates are up to a fight with the extremists. Recent history shows that the extreme left is difficult to defeat in Brazilian organizations, even when outnumbered. Whatever its strength when the chips are down, however, the reaction of the moderates is encouraging. (LIMITED OFFICIAL USE)



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