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AIRGRAM

DEPARTMENT OF STATE

POL BRAZ

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AIR POUCH

HANDLING INDICATOR
DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
APR 1 1963

TO : Department of State 963 MAR 29 AM 7 46

RM/AN
ANALYSIS & DISTRIBUTION
BRANCH

FROM : Amembassy, Brasilia Office

DATE: March 21, 1963

SUBJECT: Alleged Lack of Support for Brizola's Campaign
Against Inflation Containment

REF :

There is enclosed a memorandum of conversation which sets forth the views of the participants (a UDN federal deputy, the Sub-Chief of the Military Household of the President, and a University of Brasilia professor) regarding inflation. All three believe that the attacks of Federal Deputy Leonel Brizola (PTB, Guanabara) on the inflation containment policies of President João Goulart (PTB, Rio Grande do Sul) and Finance Minister San Tiago Dantas (PTB, Minas Gerais) will fail.

An interesting sidelight was the remark of the Sub-Chief of the Military Household, Colonel Luiz Chaves Barlem, Artillery, to the effect that he knew Brizola quite well personally, and that Brizola in no way spoke for President Goulart, even though he is Goulart's brother-in-law. Colonel Barlem said that during the succession crisis of August-September, 1961, he had been the liaison officer between Headquarters, Third Army (Rio Grande do Sul) and the then Governor Brizola, and as such had been known as "o coronel da legalidade" ("the colonel of legality").

For the Chargé d'Affaires, a.i.:

Decontrolled March 1964

John Keppel
John Keppel
Counselor of Embassy
for Political Affairs

File
no action
AOPA 1/4/63
RJ Burton
4/1/63

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Drafted by: POL: CDKeyser/jhm

Contents and Classification Approved by:

Clearances:

MEMORANDUM OF CONVERSATION

March 9, 1963

PARTICIPANTS: Federal Deputy João Carlos Tourinho
Dantas (UDN, Bahia)

Colonel Luiz Chaves Barlem,
Artillery, Army Sub-Chief of Military
Household of Presidency

Ramiro Porto Alegre Muniz, Professor
of Physics, University of Brasília

C. Dirck Keyser, Second Secretary
of Embassy

PLACE: Embassy Residence, Brasília

SUBJECT: The Government's Anti-Inflationary Measures
and Brizola.

Deputy Dantas, Colonel Barlem, and Professor Muniz expressed themselves at length on the problem of inflation in Brazil. Dantas observed that one never sees Army Officers in the better clubs of Bahia any more, because prices have reduced their salaries to pittance. Captains' salaries, he estimated, are now on the order of Cr\$50,000 (\$79.21 at the rate of Cr\$630 to the dollar) a month. Many have had to seek outside jobs to make ends meet, and he noted that sometimes these outside jobs aren't too dignified, citing the case of some who worked as cab drivers.

Colonel Barlem agreed, observing that an army officer is in a poor competitive position in the labor market, since he has spent his life learning skills which are marketable only to the government.

When asked if these remarks did not run counter to the commonly held theory that the government's anti-inflationary policy would be unpopular, and would bring about a reaction which would force the government to abandon its policy, Dantas, Barlem, and Professor Muniz all began talking at once to protest such interpretations. It was pointed out to them that Leonel Brizola (PTB, Guanabara) had been reported to believe that President Goulart could adhere to the anti-inflationary policy for no more than six months, at which time the country would

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Page 2 of Enc. 1
Airgram A-1086
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be on the brink of revolution. To this, Colonel Barlem took exception, insisting that Brizola speaks only for himself, and emphasizing the President's disclaimers of responsibility for Brizola's remarks. He said that he knew Brizola quite well, and had been known as "the Colonel of Legality" during the 1961 crisis of presidential succession following President Janio Quadros' August 25 resignation. He had been the liaison officer between the Third Army and the then Governor Brizola.

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