

AIRGRAM

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TO : DEPARTMENT OF STATE

1964 JAN 2 AM 10 14

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SUBJECT: Weekly Summary

REF : It is recommended that this document not be
distributed outside U.S. Government Offices.

1. General Political Climate
2. Protest against the high cost of living
3. Who supports whom in 1965
4. Two Rural Associations formed
5. Student disorders
6. Psychological

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
JAN 3 1964

1. General Political Climate

The effects of the spiraling inflation and erratic Federal government maneuvers combined with unseasonably cool and stormy weather to dampen spirits in this Consular district during Christmas week 1963. However, like the immunity to some poisons which can be built up by repeated small but increasing doses, political and economic troubles are only slightly worse than those of last week, last month, or last year, and most local reaction was only a worried head shaking followed by a shrug.

a. Carvalho Pinto. Carvalho Pinto's resignation was interpreted by conservative and moderate circles as expected and as confirming their almost complete lack of confidence in the Federal Government, while leftist circles withheld their cheers because Brizola was still out (see item 6 for press reaction).

b. Roadside expropriations. The proposed agricultural reform measure of declaring by executive decree all land within 10 kilometers of federal highways to be expropriatable in the public

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interest was received unenthusiastically but with little opposition. Even local conservative circles tend to believe that action would be taken only against unimproved lands held primarily for speculative purposes, and land speculation is regarded by most Bahianos, including many who are engaged in it on a small scale, as an immoral activity. Federal Deputy and PSD "ala moça" leader VIEIRA DE MELLO returned South, claiming to have the support of the kaleidoscopic Bahia PSD for the project, which he probably does, although no formal Party stand has been taken. The few critics of the measure are reminded that this is almost identical to moderate Governor Lomanto's highly praised proposal for land lying near the parts of the BR-5 highway in the south of the State which are still to be constructed.

c. Local infighting. State politics saw a bitter personal verbal battle in the Legislative Assembly between the Governor's brother, Walter LOMANTO (PTB) and irascible José ALCANTARA, UDN renegade political boss from the Itabuna cocoa zone. Walter Lomanto, stung by Alcantara's effective campaign to erode the Governor's majority (caused largely by the Governor's failure to shower Alcantara with drippings from the pork barrel and his naming a local opponent his majority leader) charged embezzlement and other dishonesties (allegedly true).

d. Governor's declining influence. The Governor's influence in the legislature and on the local scene, already badly eroded, will probably be weakened further by the impending departure of Secretary of Government Heitor DIAS (UDN) to permanently pick up his mandate as a Federal Deputy (he has briefly exercised it several times in the past). Dias, the former Salvador mayor, unimpressive personally but a powerful local politician who knows how to maintain his non-ideological political base, is unhappy about the lack of spoils to pass around, and feels that the patronage fields are greener in Brasilia. Other cabinet changes are rumored, but uncertain.

e. State budget. Despite the above factors, the Governor's political prestige (combined with apathy which prevented a quorum) was sufficient to defeat efforts by his loyal (PSD and allies) and disloyal (Alcantara & Co.) opposition to overturn his item vetos of several budget-increasing pork barrels in the State budget. The final figures have not yet been published. Had the vetos not been sustained, a deficit of over 9 billion cruzeiros would have been entailed.

The Governor's proposed sales tax increase of 1% (see our A-44) which was to have gone to FUNDAGRO, is now admittedly dead until next year. This will probably cause a renewed interest by the State Banco do Fomento in obtaining funds to finance FUNDAGRO's agricultural and food processing development plans from USAID.

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g. Comment: The snowball of discontent is growing, but it is still far from the point where it could precipitate an avalanche. The common people and many of prominence, cynical, confused, but still harboring a vague expectation that things must get better in a land as large and rich as Brazil, do not think politically below the surface level and concentrate on personal matters. Sincere and energetic reformists, like Governor Lomanto, are stymied by their own and their staff's incompetence and lack of experience, by corruption and confusion from Brasilia, and by the lack of a national leader with whom they feel they can identify themselves. Benevolent chaos continues to reign.

2. Protests against the high cost of Living. With promotional drums beating in the Communist weekly (orthodox) FOLHA DA BAHIA, leftist columnists in the JORNAL DA BAHIA, and in student and labor circles, a demonstration against the high cost of living called by leftists and featuring Dante Pellacani failed to attract more than two hundred people on Saturday evening December 21st. The foul weather besetting Bahia may have dampened some enthusiasm, but it appears that even under ideal conditions few more than those who turned out would have appeared. A TARDE called the failure proof of the sanity of the local workers and a good lesson for the agitators.

Comment: It seems to be more a proof of the apathy of local workers.

3. Who supports whom for 1965. At this early stage of the game, the only likely candidate with enthusiastic partisans is Carlos LACERDA (UDN). The preliminary lineup:

a. Governor Seixas Doria of Sergipe, Pedro MANSO CABRAL (PR-PTB Federal Deputy) and unenthusiastic moderates and leftists back Magalhães Pinto.

b. Doria's UDN and other conservative opposition in Sergipe, Federal Deputy Antonio Carlos MAGALHÃES (UDN), State Deputy Wilson LINS (UDN), and a probable majority of the Party in Bahia, but not including UDN elements closely linked to Gov. Lomanto, support Carlos Lacerda.

c. The PSD, except for a few renegades on the left and the right, supports Kubitschek, but many normal PSD voters would bolt to Lacerda.

d. The radical left would enthusiastically support Brizola, would back Arraes with less enthusiasm, but do not know if either would appear on the ballot.

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e. Ademar de Barros has almost no present support in Bahia or Sergipe, but leaders can be bought and a well-funded publicity campaign could attract the rank and file.

f. Gov. Lomanto, biding his time, along with his close associates seems to be presently inclined toward Magalhães Pinto, shies away from Carlos Lacerda and Brizola, but would probably support almost anyone who would include him on the ticket for Vice President.

4. Two Rural Associations Formed.

The orthodox Communist-line FOLHA DA BAHIA this week reported the formation in Salvador on December 15 of two State-wide associations. One, the Federação dos Trabalhadores Autônomos do Estado da Bahia, was formed by 26 "representatives" of rural unions in Livramento do Brumado, Santo Antonio de Jesus, São Miguel das Matas, São Gonçalo dos Campos, Campo Formoso, Cachoeira, Inhambupe - Satiro Dias - Aporé (presumably one union), Irará, Alagoinhas - Aramar, and São Francisco do Conde. President of the Association is Amancio Lima AGUIAR, and secretary is Otaciano Barbosa MOURA. The Association is subordinate to the Confederação Nacional dos Trabalhadores Agrícolas.

The other Association formed is the Federação dos Pequenos Proprietários do Estado da Bahia, supposedly uniting small landholders of Governador Mangabeira, Jeremoabo, Senhor do Bonfim, Sapeaçu, and Jaguarari. Its President is Manoel Lito MUNIZ, and its secretary is Crissóstomo da SILVA.

Comment: We have not yet evaluated the political orientation or the effectiveness and true scope of these organizations. If their claimed membership is accurate, however, they indicate that rural labor organization is spreading significantly beyond the sugar-and Petrobras-influenced zones of the Recôncavo.

5. Student Disorders.

Trouble flared again in the fight between students of the School of Economic Sciences and the Fundação Visconde de Cairú accounting school. The University students attempted to bomb the sectors of the School occupied by the Foundation, but were stopped by "storm" troops of the local police - the first time local police have stepped into the picture. At least one bomb or bundle of firecrackers did go off.

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Comment: As reported previously, the fight is basically a squabble over space and prestige, in which the faculties of the opposing sides egg the students on. However, it does have some political overtones. For example, a paid advertisement Monday (probably initiated by the Cairú group) accused students of the Economic Sciences School of printing, on the School's press, a bulletin entitled "O Prêgo da Carne" which ended (in Portuguese): "hail socialist Cuba, hail the Venezuelan revolution", and invited readers to join the "Organização Revolucionária Marxista-Política Operária".

6. Psychological.

President Johnson's letter to President Goulart received top positions in the news. The ESTADO DA BAHIA initially emphasized the importance Johnson gave to economic development, social justice and democratic procedures; in a second look emphasized the orderly transition from one regime to another; and then examined the economic aspects. Pointing out the US's willingness to re-examine Brasil's commitments to that country, and Brasil's need to stem inflation, the paper asked whether "Goulart and his advisors had sufficient good sense and patriotism to take advantage of this exceptional opportunity."

The more leftist JORNAL DA BAHIA headlined Johnson's letter with: "Jango Also Received a Letter from Krushchev," and in its political commentary said Johnson had hastened to write Goulart to head off Brizola's nomination as Minister of Finance. In an editorial comment it said that words were not enough (by implication it was the US that had been talking and not acting) and that the "charitable regime" of the rich uncle should be replaced by honorable understanding.

A TARDE hinted that the Brizola nomination might have spurred Johnson's letter, but said that its evident goodwill put Goulart in a dilemma. If he wanted to respond to the goodwill, he could not move left, but he was already moving to the left, to the joy of the leftists. It hoped the government would take advantage of the positive advantages offered by the letter.

Leftist circles were quiet about Carvalho Pinto's resignation, but the Diarios Associados papers said he was the "last technician" in the Goulart regime, lamented his going, and squarely blamed Brizola for having engineered it. (A TARDE saw Nei Galvão's appointment as a rebuff to Brizola). There was little specific comment about Nei Galvão himself.

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The breach in the Berlin wall was played prominently. The Communist FOLHA DA BAHIA said it was the insistence of the East German government that brought the truce, and implied that two-way travel had been authorized.

The calm resignation with which Bahianos received the storm lashings indicated once again the placid nature of the State's inhabitants. Bahianos get worked up over very little other than carnaval, some of the major religious festivals, and football.

Harold M. Midkiff
Harold M. Midkiff
American Consul

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