

AIRGRAM

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HANDLING INDICATOR

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RM/AN
ANALYSIS & DISTRIBUTION
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In Out

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Drafted by: *POU* See last page/pm

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Clearances:

POLITICAL1. Brazil Reserved Over Dantas Mission Results

Finance Minister San Tiago Dantas arrived March 27 in Brazil declaring himself "satisfied" with the results of his mission. He was to make his oral report to President Goulart the same day and to report to the public in a television broadcast March 28. Dantas was met at the airport by a reception committee headed by the Ministers for Air and Transportation.

As represented by the press and a number of congressional spokesmen, Brazil appeared disposed to give Dantas less than a conquering hero's welcome. Recovered from its initial relief over the "salvation" of his mission from the threat posed by the uproar over the release of Ambassador Gordon's testimony (Week 12), the country had had time to examine the text of the joint communique and seemed, in the main, somewhat disappointed. A number of congressmen and one newspaper, Diario Carioca, termed the results a "victory," but a greater number considered them at best "modest," attributing the failure to obtain more, and especially the circumstances of "packaging" the aid and tying it to performance, to a lack of U.S. confidence in Brazilian promises. Some of these observers blamed the apparent mistrust on left-wing "sabotage" during the talks in Washington in the form of disproportionate Brazilian reaction to the Ambassador's testimony and the encouragement of the Cuba Solidarity Congress. (UNCLASSIFIED)

Comment: With respect to the string attached to the aid package, Brazil seems to have gotten the point. It is encouraging that even those commenting most bitterly on the conditions admitted that in view of past performance they were not unreasonable. As for the "sabotage" thesis, the record is still unclear. It would appear that Goulart's extreme left advisors did not make a determined effort prior to the talks to disrupt them or cause their cancellation but did shoot at targets of opportunity during the talks with the apparent aim of bringing about their failure. In each instance Goulart appears eventually to have taken action to preserve the negotiations, but his precise role is not clear. The entire subject of the relationship between Goulart and the extreme left deserves a close, hard look, and the Embassy intends to give it one during the ensuing weeks, whose developments may produce some clarifying definitions. (CONFIDENTIAL)

2. "Cuban Solidarity Congress" runs into difficulty

The projected "Cuban Solidarity Congress" was to have been held first at a "national" and then at a "continental" level in Rio this week. As separately reported, the Foreign Office had originally

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issued a circular to its overseas posts directing that visas were not to be granted to persons who were coming as delegates to the Congress. A later "clarification" of policy revealed that visas would not be required for delegates from other Latin American countries. Newspaper accounts reported that visas were denied to the Soviet delegation and to Janet Jagan (non-independent areas of Latin America are subject to visa regulations which apply to Europe.) The Congress was running into other difficulties. It was receiving very little publicity; even Ultima Hora called the convocation "inopportune." The organizers were experiencing difficulty in locating a suitable site to hold the meetings. The published list of delegates who had been invited included Bertrand Russell and General Cardenas, ex-President of Mexico; in reality, the prospects for persons of international reputation attending dwindled rapidly.

On Monday the Congress received new attention when Guanabara Governor Carlos Lacerda issued a statement based on legal and constitutional provisions by which he prohibited the holding of the Congress in the state; he also stated that delegates coming to attend the conference would be denied admission.

Protests against Lacerda's action were unavailing, the Federal government insisting that the governor's prohibition was legally sound, did not warrant intervention, and that the complainants' only recourse was to the courts. Military men, legislators, Cardinal Dom Jaime Camara and many others supported Lacerda's action. As a result, the Rio "national" meeting scheduled for March 27 was held at Niteroi. The site of the "continental" congress is reportedly still undecided upon.

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Comment: The vacillating Foreign Office policy indicated the embarrassment of the GOB over the Congress, especially during the critical days of the San Tiago mission. The attitude of the Goulart administration toward Lacerda's decisive action indicates an unwillingness to tangle with him over an issue of such shaky validity and political wisdom as the holding of the Congress. Thus, despite pressures from some 42 left-wing deputies who declared in a signed letter to the President their intention to "sponsor" the Congress and insure its convocation in Rio, Goulart appears to have given government spokesmen orders to maintain, in public pronouncements, the government line of detachment, without, however, endorsing Lacerda's prohibition. Military commanders, for example, have stated that without orders from Brasilia they would not intervene to insure that the Congress be allowed to meet in Rio. Lacerda is thus the apparent victor. While there is some truth to the charge that he gave Congress some unexpected publicity, Lacerda has probably enhanced his image as the only political leader currently able to confront the Communists. (CONFIDENTIAL)

3. Congress Organizes

There was more motion than action in the first week of the Fifth

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Congress. The PSD and the PTB, theoretically linked to form the "majority," conducted a behind-the-scenes battle for the presidencies of the permanent committees of the Chamber. The PTB, now clearly the second largest party in the Congress, is after one or more of the major committees. It appears that the PTB will at least get the presidency of the Justice Committee, through which all bills must pass.

The PSD, PTB and PSP have officially informed the President of the Chamber of their agreement to accept Oliveira Brito (PSD-Bahia) as majority leader. The PDC may join this bloc. This would give the majority 273 deputies, exactly two-thirds of the Chamber--although such a bloc probably could not hold all members in line on a difficult vote. The minority thus far appears to be composed of the UDN and the PL--totalling 97, and probably led by Pedro Aleixo (UDN-Minas Gerais).

Leonel Brizola (PTB-Guanabara) made his main splash of the week on March 22 in the plenary by criticizing the Chamber for slowness in getting its committees organized. He invoked, by implication, his favorite weapon: giving the Congress a fixed time to enact reform legislation, with failure to do so resulting in "radical solutions." Replies were made by Chamber President Mazzilli--who said committee organization was in fact proceeding on schedule, and Adauto Cardoso (UDN-Guanabara) who said that to date no legislative proposals have been received from the Executive, therefore there has been no foot-dragging by the Congress.

Bilac Pinto (UDN-Minas), leader of the UDN in the Chamber, and Pedro Aleixo stole the thunder from the leftists in the "Gordon affair" by requesting the appearance before the Chamber of the Foreign Minister--which may take place this coming week--thus providing a needed cooling-off period. In the Senate, pro-U.S. president Auro Moura Andrade simply shut off debate on the subject. (OFFICIAL USE ONLY)

Comment: Bilac Pinto's helpful act occurred a few hours after an Embassy officer had talked with him and had flatly denied the current press versions of the affair. (CONFIDENTIAL)

4. The UDN's Bossa Nova Speaks Out

At a meeting of UDN Deputies and Senators in Brasilia on March 20, the left wing of the party--the so-called "Bossa Nova"--presented a document for the party's consideration and information. Its main points call for: (1) Reduction of the constitution-amending quorum from 2/3 to an absolute majority, with the understanding that such powers would not be used to change the present eligibility-for-office provisions; (2) Agrarian reform; (3) Electoral reform, including

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giving the franchise to illiterates; (4) Urban reform; (5) Exploitation of mineral resources by Brazilians, not foreigners; (6) State monopoly on oil and "atomic minerals"; (7) Conclusion of construction of Brasilia; (8) Elimination of regional economic inequalities; (9) Independent foreign policy "uncommitted by agreements, treaties or military blocs that subordinate the national interest to that of any other country. We are for self-determination of peoples. We are for representative democracy."

Amaral Neto (Guanabara), of the conservative wing of the UDN, criticized the manifesto as being nothing more than a duplication of standard UDN platforms, with the exception of the proposal to enfranchise the illiterate, which proposal he attacked. (UNCLASSIFIED)

Comment: Traditional leaders of the party are attempting to play down the importance of the Bossa Nova. Joao Mendes (Bahia), leader of the conservative Acao Democratica Parlamentar, told an Embassy officer that the Bossa Nova has only 2 members--Jose Sarney (Maranhao) and Ferro Costa (Para). The press, however, reports that 25 deputies signed the manifesto, although the Embassy has not yet been able to verify this. The UDN has 94 deputies. The BN showed its strength the following day by persuading the party to agree to secret elections for bancada leader and vice leader, over the strong objections of rightist Euripedes Cardoso de Menezes (Guanabara). Present leader Bilac Pinto (Minas) is odds-on favorite to move up to the national presidency of the party at its convention in late April. The press reports that the BN favors Aduino Cardoso (Guanabara) to succeed Pinto. If so, it would be an indication that the BN is not as radical as the grupo compacto of the PTB, since Aduino is an outspoken anti-Communist. Another such indication is the manifesto's balanced wording in the foreign policy paragraph that obviously alludes to Cuba--"for self-determination of peoples and for representative democracy." The grupo would couple self-determination with non-intervention. (CONFIDENTIAL)

5. Federal Police Bill Passes Chamber

On March 19, the Chamber of Deputies passed a bill which legalizes the growing structure of the federal police and enumerates its powers. Prior to this the Federal Department of Public Safety (DFSP) has been functioning and planning under the Minister of Justice without a full legal mandate. This bill would authorize the DFSP to act with widely defined powers as a combination Brazilian FBI, Treasury, maritime, air and frontier police with the additional duties of policing the Federal District and giving technical aid to local and state police units. The bill includes a clause, loosely worded and ominously vague, which states that the DFSP may on its own initiative investigate crimes that "through their nature or amplitude, transcend the scope of a

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state," though it does not say who will determine this. The bill has cleared its most difficult hurdle and now goes to the Senate for consideration (CONFIDENTIAL)

developed into
Comment: As law, the bill could be/a potentially powerful tool of the Federal Government and would prove useful in the hands of a centralizing Federal government to break resistance in the states. The bill's backers argue that it is a needed modernization measure and that it will help improve the efficiency of local as well as the Federal police.

Carlos Caroli, Chief of the DFSP has indicated to USAID that he is urging the President to use his item veto to strike from the law, when it is passed, a reservation against Federal police censorship of public amusement, and thus effectively place all such censorship under the Justice Minister. (CONFIDENTIAL)

6. Congress Debates Agrarian Reform

President Goulart sent a message March 22 to Congress concerning agrarian reform, thus giving rise to congressional debate on the subject. Although widely circulated, the "anteprojeto" has not yet been formally introduced. The prospective difficulty of any agrarian reform legislation is tied up with a constitutional amendment which would change current requirements (Sec 16 of Art. 141) for advance cash payment for any expropriated property. The preliminary plan as circulated by the executive branch of the government would call for the issuance of bonds to pay for such expropriation. These bonds would be redeemable in equal annual installments over 20 years with 6% interest and provisions for annual cost-of-living adjustment of up to 10% per year.

One of the early problems which is developing is the fact that the President cannot directly initiate constitutional amendments. There is also opposition to a sweeping amendment which would remove the "cash payment" provision for all property. Some papers have reported that the President has agreed to a plan presented by majority leader Oliveira Brito whereby the bond payment for expropriated property would apply only to "rural real estate." (UNCLASSIFIED)

Comment: Early debate has revealed resentment among the deputies against the method by which the subject of agrarian reform has been introduced. The "anteprojeto" with its provision for payment in government bonds for expropriated property assumes a constitutional amendment; only members of the Congress can introduce such an amendment, and various deputies have decried what they regard as "threats" to this congressional prerogative. It is also difficult to conceive of an amendment qualified to provide for bond indemnification applicable

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only to "rural real estate." Any legislation which does not include constitutional amendment would lead to inflation-aggravating advance cash payments. (OFFICIAL USE ONLY)

MILITARY

ARMY

1. Army Troops Disperse Striking Students

Three platoons of Brazilian Army Military Police used night sticks to disperse striking students of Rio de Janeiro's Chemical Technical School. The students, striking in protest against lack of space in which to use the school's scientific instruments, gathered in the courtyard of the Ministry of Education in Rio to proclaim their cause. Ministry officials informed the students they must take leave of the premises within a specified time and promptly notified headquarters 1st Army when the students failed to depart. Within the hour, the Army troops arrived, at which time the students began singing the National Anthem while several students wrapped the Brazilian flag about their bodies. As the shoulder-to-shoulder wedge of troops began forcing students from the area, several resisted and force was applied.

Comment: The swift arrival of the Army troops results from the fact that First Army units are presently assisting civil police agencies in a crackdown on crime in Rio de Janeiro. Army units have been assigned to guard all Federal buildings and were almost immediately on the scene after being called. (UNCLASSIFIED)

2. Brazilian Army General Promotions

On 25 March President Joao Goulart signed decrees promoting the following Army officers: Major General Pery Bevilaqua to Lt. General; Brigadier General Oromar Osorio to Major General; Brigadier General Francisco Damasceno Ferreira Portugal to Major General; Colonel Lindolfo Ferraz, Filho to Brigadier General.

Comment: Immediate command changes within the generals rank are not foreseen as a result of these promotions. General Oromar Osorio is scheduled to replace General Maggesi as Commanding General of the 1st Infantry Division and Vila Militar, while General Lindolfo Ferraz will remain as the Chief of the War Minister's Cabinet. (UNCLASSIFIED)

3. Albino Silva announces new pay scale

The Chief of the President's Military Cabinet, General Albino Silva, announced March 25 the new pay scales which will apply for civilian and military personnel. The increases vary between 56 and

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25 per cent, with lower ranks receiving the higher pay increases. Representative scale figures: a general (4-star) presently receiving 88,200 cruzeiros base pay will receive 110,000 cruzeiros for a 25 per cent increase; a lieutenant colonel presently receiving 46,200 cruzeiros will receive 64,700 cruzeiros, for a 40 per cent increase; a first sergeant presently receiving 21,900 cruzeiros will receive 30,500 cruzeiros for a 47 per cent increase; and a corporal presently receiving 13,440 cruzeiros will receive 21,000 cruzeiros for a 56.25 per cent increase.

General Albino explained to the press that the pay scales as published will be adhered to despite the fact that inflation has raised the cost of living by 70 per cent. General Albino indicated that the present rise was but the first step in the overall review of federal wage scales. (UNCLASSIFIED)

Comment: Publication of the pay scales and the accompanying information given to the press by General Albino was met by loud silence in both civil and military circles. The promise of future studies in the area of governmental pay, if followed through to a satisfactory conclusion, will successfully forestall any combined action by the military in their fight for what they term equality with civil pay scales. An interesting provision of the bill being presented to congress is that a ceiling has been applied to the salaries of federal employees serving outside the country. This ceiling has been established at \$2500 (U.S.) a month. (OFFICIAL USE ONLY)

4. "Communist Infiltration in Army of the United States."

Appearing on a Rio television show March 25, General Amaury Kruel, Brazil's Minister of War, stated, "Communist infiltration exists within the Brazilian Army as it exists within all of the armies of occidental countries, including that of the United States." General Kruel went on to elaborate that the total infiltration in the Brazilian Army does not reach one per cent of the army's effective strength and thus there is no cause for worry or speculation, either within the country or internationally among Brazil's friends. (UNCLASSIFIED)

Comment: It appears to have become a fashion to play down Communist infiltration in Brazil by claiming that the U.S. has also been infiltrated without visible damage to its institutions; it will be recalled that Roberto Campos said much the same thing after Ambassador Gordon's testimony on Brazilian government infiltration.

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NAVY1. Embarked Aviation

On February 12 the Brazilian Navy transport BARROSO PEREIRA arrived in Brazil from Europe with twelve T-28-A aircraft on board. These aircraft were purchased from the French Government by a Swiss Company and then resold to the Brazilian Navy. On 12 March the Brazilian Air Force released aerial photographs of some 20 crates located at the Brazilian Navy helicopter port near Rio. After several days of publicity the Brazilian Navy Minister stated that "there was nothing irregular about the purchase of these aircraft because the Navy had been purchasing aircraft since 1960 and helicopter materials since 1956." The problem of embarked aviation remains unsolved. However, the Navy Minister has placed the entire case before President Goulart for his decision. President Goulart as of this date has made no statement on the problem. (CONFIDENTIAL)

2. Flag Rank Changes

On 17 March 1963 Capitao-de-Mar-e-Guerra (Capt) Washington Frazao BRAGA was promoted to Rear Admiral in the Brazilian Marine Corps.

Comment: A vacancy was created for one rear admiral in the Brazilian Marine Corps by the assignment of Rear Admiral LEONIDAS Telles Ribeiro to the Escola Superior de Guerra (National War College). Captain Braga was No. 4 on the list for promotion. (UNCLASSIFIED)

AIR1. BAF Promotions

The Air Ministry announced this week the following general officer promotions: Brigadier General to Major Brigadier Antonio Joaquim da Silva Gomes, Commander, 2nd Air Zone, Recife; Colonel to Brigadier General Affonso de Araujo Costa; Carlos Alberto de Mattos; Nelson Baena de Miranda; Alcides Moitinho Neiva; Ricardo Nicoll and Almir dos Santos Polycarpo.

Comment: New assignments have not yet been announced. (UNCLASSIFIED)

2. Air Ministry Protests BAF Infiltration Charge

According to press reports, Air Minister REYNALDO Joaquim Ribeiro de Carvalho Filho sent a letter to the President of the Senate protesting against the speech of Senator (Father) Calazans naming 33 Brazilian Air Force officers as communists. The speech was made in September 1962 and was republished in the anti-communist pamphlet

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"Acao Democratica". Reynaldo denied that the BAF has proof of the accusations made by Father Calazans. He deplored the unsettling effect of the Senator's speech at a time when the nation is mobilized in fighting the economic-social crisis. (UNCLASSIFIED)

3. BAF Gives Luncheon in Honor of Departing Chief, Air Force Section, JBUSMC

Lt. Brig. Francisco de Assis Correa de Mello gave a farewell luncheon at the Air Ministry building 26 March in honor of departing U.S. Air Force Brig. General Richard T. King, Chief of the Air Force Section, JBUSMC, for the past three years. General King was awarded the Legion of Aeronautical Merit, grade of Grand Officer as a tribute to his services in Brazil. (UNCLASSIFIED)

PSYCHOLOGICAL

1. U.S. Correspondent's Foreign Office Accreditation Revoked

The Foreign Office credentials of Copley News Service Rio correspondent Louis Stein have been revoked by Itamarati. Stein had sent an article in which he stated that Foreign Minister Hermes Lima, Justice Minister Joao Mangabeira and Labor Minister Almino Afonso were "notorious Marxists." The reaction of Itamarati came at a time when the foreign office was sensitive to any publicity which might prejudice the San Tiago Dantas Mission and also at the time of the wide-spread reaction to statements of Communist infiltration in the GOB attributed to Ambassador Gordon. Newsmen, including the president of the Brazilian Press Association, generally reacted negatively to the action of the Foreign Office. Governor Carlos Lacerda sent a personal message of support to Stein. (UNCLASSIFIED)

Comment: The action by the Foreign Office only cuts off some official sources of information to Stein, who can continue to report freely from Brazil. Herbert Moses, President of the Brazilian Press Association, is reportedly pressing for Stein's reinstatement. The current journalistic reaction is not surprising in view of the fact that the press is naturally opposed to moves which might restrict the complete freedom which they currently enjoy. (UNCLASSIFIED)

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