

34



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Department of State

TELEGRAM

UNCLASSIFIED 701

PAGE 01 RIO DE 02869 162212Z

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ACTION ARA 16

INFO CIAE 00, DODE 00, JPM 04, H 02, INR 07, L 03, NSAE 00, NSC 10, P 04,
RSC 01, SP 02, SS 20, USIA 12, STR 08, IO 13, SPM 01, AGR 20, AI 28,
COM 08, E 15, FRB 02, INT 06, LAB 06, SIL 01, TAR 02, TRSY 11, PC 04,
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Rio 2869
4/14/69

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R 162100Z APR 69
FM AMEMBASSY RIO DE JANEIRO
TO SECSTATE WASHDC 7922
INFO AMEMBASSY BRASILIA
AMCONSUL RECIFE
AMCONSUL SAO PAULO

UNCLAS RIO DE JANEIRO 2869

SUBJECT: OFFICIAL REACTION TO NIXON OAS SPEECH AND
STATEMENT ON ROCKEFELLER VISIT

1. AT WEEKLY INFORMAL PRESS CONFERENCE APRIL 15,
CARRIED ALL RIO PAPERS, FONMIN MAGALHAES PINTO
COMMENTED EXTENSIVELY ON NIXON OAS SPEECH AND REPORTEDLY
DECLARED BRAZIL WILL NOT THROW STONES AT ALLIANCE FOR
PROGRESS BUT CONSIDERS IT PHASE WHICH HAS ENDED.
SAID ALLIANCE HAS RENDERED SERVICES "BUT NOT THOSE
WHICH WE EXPECTED OF IT FOR WE WANT OUR DEVELOPMENT
ACCELERATED." ACCORDING TO PRESS ACCOUNTS, CALLED FOR
BEGINNING OF NEW PHASE BASED ON INTENSIFICATION OF TRADE
BETWEEN BRAZIL AND U.S.

2. IN RELATION TO NIXON SPEECH MAGALHAES PINTO TOLD
NEWSMEN HE CONSIDERED FOLLOWING POINTS ESPECIALLY
IMPORTANT. NIXON ADMINISTRATION DESIRES DETACH ITSELF
FROM PRECONCEIVED IDEAS ON LATAM PROBLEMS AND PROMISES
"COMPLETE LIBERTY OF ATTITUDE" AND CONSEQUENT
POSSIBILITY OF GOING FORWARD BY ENTIRELY NEW MEANS.
PRESIDENT NIXON RECOGNIZES WHAT BRAZIL HAS BEEN SAYING
FOR LONG TIME, I.E. THAT LATAM DEVELOPMENT RATES ARE

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Department of State **TELEGRAM**

UNCLASSIFIED

PAGE 02 RIO DE 02869 162212Z

LESS THAN THOSE OF REST OF WORLD, ESPECIALLY OF SOCIALIST COUNTRIES, AND THAT CONTINUATION OF TENDENCY WILL RESULT IN UNSURMOUNTABLE GAP BETWEEN LATAM AND REST OF WORLD. THUS NECESSITY OF NEW COURSE IS CONSEQUENCE OF REALIZATION "THAT EXPERIENCE OF PAST YEARS IS TOTALLY INADEQUATE." TERMED IT "BITTER TRIUMPH" THAT LONG BRAZILIAN CAMPAIGN IN OAS, UN, GATT AND UNCTAD AND NUMEROUS BILATERAL CONTACTS WITH GREAT ECONOMIC POWERS ENDS UP BEING ENDORSED BY U.S. PRESIDENT. FINALLY MAGALHES PINTO MENTIONED EMPHASIS PRESIDENT GAVE TO "WHAT WE CAN DO TOGETHER INSTEAD OF ACCENTUATING WHAT U.S. CAN DO FOR LATAM."

3. ACCORDING O ESTADO DE SAO PAULO FONMIN IN MENTIONING ELIMINATION OF PRECONCEIVED IDEAS WENT ON TO OBSERVE "THIS OF GREATEST IMPORTANCE. WE HAD APPREHENSION HERE IN LATAM THAT PRESIDENT NIXON WOULD CARRY RESENTMENT OF LATIN AMERICANS INTO HIS GOVERNMENT. ON CONTRARY HE NOT ONLY APPEARED AT OAS FOR DIRECT AND IMPORTANT CONTACT WITH LATAM AMBASSADORS BUT APPEARED THERE IN COMPANY OF HIS WIFE. THIS SHOWS PRESIDENT NIXON HAS FORGOTTEN EVERYTHING."

4. FOLLOWING DISCUSSION NIXON SPEECH FONMIN DESCRIBED BRAZILIAN VIEWS TOWARD ROCKEFELLER VISIT. REPORTEDLY SAID GOB AWAITING ROCKEFELLER WITH GREAT INTEREST AS VISIT WILL GIVE OPPORTUNITY FOR CONTRIBUTION TOWARD NEW FORMULATIONS WHICH MAY REINVIGORATE INTERAMERICAN POLICY AND RELATIONS BETWEEN U.S. AND BRAZIL. ACCORDING FOLHA DE SAO PAULO MAGALHES PINTO SAID "WE WILL SAY TO GOVERNOR ROCKEFELLER THAT INCREASE OF TRADE IS MUCH MORE IMPORTANT THAN AID. ALTHOUGH WE CONSIDER THAT SOMETHING HAS TO BE MODIFIED IN INTERCHANGE, PARTICULARLY FALL OF PRICES FOR RAW MATERIALS EXPORTED. WE WILL SAY... THAT WE DESIRE JUST PRICES FOR OUR COMMODITIES." ADDED HE WILL STRESS NEED FOR INVESTMENT AND FOR DEVELOPMENT OF TECHNOLOGY TO CLOSE GAP IN RELATION TO DEVELOPED NATIONS.

5. IN SEPARATE INTERVIEW PUBLISHED BY O GLOBO ACTING PLANNING MINISTER VELOSO INSISTED NIXON STATEMENT ABOUT GROWTH RATES CANNOT BE APPLIED TO BRAZILIAN ECONOMY. IN HIS VIEW BRAZIL UNDER NO CIRCUMSTANCES

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Department of State

TELEGRAM

UNCLASSIFIED

PAGE 03 RIO DE 02869 162212Z

CAN BE PLACED AMONG LATAM NATIONS WHOSE DEVELOPMENT RATES ARE PRONOUNCEDLY LOW. CLAIMED BRAZILIAN CASE IS EXCEPTION AND GIVES NO CAUSE FOR APPREHENSION. WENT ON TO CITE PROJECTIONS THAT BY YEAR 2000 BRAZIL WILL BE COMPLETELY INDUSTRIALIZED OR ALREADY CLOSE TO NATIONS OF MASS CONSUMPTION. VELOSO ALLEGED POPULATION GROWTH RATE IS DECLINING FROM ANNUAL 3 PER CENT LEVEL AND THAT GNP GROWTH IS 6 TO 7 PER CENT ANNUALLY RESULTING IN ABSOLUTE GROWTH OF 3 TO 4 PER CENT PER YEAR WHICH HE TERMED HIGH. BASED ON THESE FIGURES HE PREDICTED ANNUAL PER CAPITA INCOME OF BETWEEN \$800 AND \$1300 BY 2000, POINTING OUT THAT ACCORDING TO HERMAN KHAN SCALE THIS WOULD PLACE BRAZIL NEAR TO MASS CONSUMPTION LEVEL.

6. FOR MEDIA REACTION SEE SEPTEL. BELTON

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