

AIRGRAM

Pol 2-1 BRAZ

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RM/R	REP	AF
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NEA	CU	INR
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GIS/PL		IO
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PC	FBO	AID
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S/P	WSU	
1		
AGR	COM	FRB
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	2	
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4		10
ARMY	CIA	NAVY
10	20	7
OSD	USIA	NSA
46	11	3
	NSC	FBI
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PRIORITY

HANDLING INDICATOR

TO : DEPARTMENT OF STATE

RECEIVED
DEPARTMENT OF STATE

MAR 13 8 35 AM 1967

ANALYSIS MAR 10 1967

DATE: March 10, 1967

FROM : Amembassy RIO DE JANEIRO

SUBJECT : WEEKA NO. 10

REF :

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GROUP 3: Downgraded at 10-year intervals; not automatically declassified.

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In Out

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DECLASSIFIED

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1967 MAR 13 AM 10 40

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MAR 14 PM 3 56

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Action Assigned to RAR
Action Taken
Date of Action 3/20/67
Action Office Symbol RAR
Name of Officer Weir
RM/R
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POLITICAL1. Administration Team Selection Continues

Now less than a week away from his inauguration, President-elect Costa e Silva has virtually concluded selection of his Cabinet. The only Minister not yet confirmed is that for Communications, it being widely rumored that Costa e Silva will yield to political pressure from the state of Bahia and accept its nominee for the Ministry. Among the second-echelon appointments made public this week were those to head up ~~INDUSTRIAS~~, ELECTROBRAS, SUDENE, and the supply organism SUNAB. With the rate at which these appointments are being made, Costa e Silva should have filled all the principal command posts in the Government by the time he takes office on March 15.
(UNCLASSIFIED)

2. US-Brazil Differences Denied

Amid a welter of speculations that Brazil's foreign policy under the coming Administration will be more "independent" of the US and that a pronounced "nationalist" line may be followed, the press has highlighted two "divergences" which allegedly transpired during Costa e Silva's trip to the US. The first of these maintained that Assistant Secretary Lincoln Gordon had warned Costa e Silva on the danger of putting development before control of inflation, and that the latter had reacted sharply. The second report was that the US had asked Brazil for a military contribution to the Vietnam conflict.

In an apparent effort to squelch these rumors and allay fears over potential US-Brazil differences, spokesmen for the Costa e Silva camp have denied both directly and indirectly to the press that there were any untoward incidents in Washington or that Vietnam was talked about in the Johnson-Costa e Silva meetings. For the moment, public attention to these subjects appears to have subsided. (UNCLASSIFIED)

3. Costa e Silva Argentine Visit

Press reaction to the Costa e Silva March 2-5 trip to Argentina has emphasized close personal relations between the President-elect and Ongania, the full-fledged chief-of-state treatment given Costa e Silva, and the absence of any formal public commitments by either side. Although there was little speculation on the specifics of the talks between Ongania and Costa e Silva,

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a Brazilian Foreign Office official told Embassy officers that a satisfactory understanding had apparently been reached concerning the new Argentine law on territorial waters. In contrast to the aftermath of the Ongania visit to Brazil two years ago, there have been no charges respecting the formation of an "Argentine-Brazil bloc" following Costa e Silva's trip. (LIMITED OFFICIAL USE)

4. Chamber Plans Speculation Investigation

The opposition MDB announced on March 8 that it has obtained the required number of signatures on its petition to create a special congressional committee to investigate the alleged "serious irregularities" surrounding the cruzeiro devaluation of February 8. Behind the petition are opposition charges that government officials leaked the news of the impending devaluation to friends and relatives who reaped a vast illicit profit. Minister of Planning Roberto Campos appeared before the chamber on March 8 at his own request to deny the charges and answer opposition questions, but the MDB chose to discuss the subject only in the committee rather than take on the Minister from the floor of the house. (UNCLASSIFIED)

5. More Economic Decrees

The February 28 edition of DIÁRIO OFICIAL revealed the existence of approximately 100 more last minute decree laws than had previously been reported by the press. Among these new laws the following can be cited as being especially significant economically: A) Decree Law 256 transforms the Port of Rio Administration from an autonomous federal entity into a mixed enterprise to be known as the Rio de Janeiro Dock Company. B) Decree Law 264 reduces by one-fifth all rates of 15 percent or more included in the new tariff schedule promulgated by Decree Law 63 of November 28, 1966 as amended by the Customs Policy Council; the DL 63 schedule as amended had generally reduced tariff protection by about one-third; the DL 264 changes which become effective March 17 are designed to offset the impact of the recent exchange devaluation on the Cruzeiro cost of imports. C) Decree Law 284 levied a new 5 percent federal tax on interurban and interstate bus fares to become effective July 30, 1967. D) Decree Law 288 declares Manaus a free trade zone. E) Decree Law 306 terminates preferential treatment formerly accorded Loide Brasileiro in the carriage of bulk surface cargoes imported or exported by Federal entities. (UNCLASSIFIED)

6. Cost of Living Up 1.6 Percent in February

The GVF's Guanabara Living cost index registered a 1.6 percent increase in February and a cumulative increase over the first two months of this year of 6.0 percent. Comparative increases in 1966 were 4.2 and 9.4 percent, respectively. Food prices were up by only 1.0 percent in February compared to 2.9 percent in February, 1966. (UNCLASSIFIED)

ALLIANCE FOR PROGRESS7. AID Attacked over Birth Control

On March 2, the JORNAL DO BRASIL quoted a UPI Washington release reporting that Brazil had requested US assistance to help solve its population problem. Strong criticism of the Brazilian and American governments was voiced by nationalists who believe that population control is an insidious attempt to stifle one of the nation's natural resources.

AID has denied the existence of such a request. Behind this story apparently lies the AID proposal for creation of a demographic center at the State University of São Paulo, which would provide continuing and reliable information on demographic characteristics, migration habits, and vital statistics of the Brazilian population. Such a center is now being set up with the assistance of the Ford Foundation and the Pan American Health Organization. Population control and studies for the purpose, however, do not fall within the scope of the Center's activities. (LIMITED OFFICIAL USE)

PSYCHOLOGICAL8. Change in Press Law Scored

Diários Associados have initiated a vehement campaign against the recent decree-law permitting foreign ownership of publications which are cultural, scientific or artistic in nature. Charging the law as being "anti-Brazil," and proof that the government is at the service of foreign interests, Deputy João Calmon appealed to Costa e Silva to draft a bill for the "Protection of Brazilian Capital."

JORNAL DO BRASIL, CORREIO DA MANHÃ and ULTIMA HORA have also attacked the decree-law, and, surprisingly, ESTADO DE SÃO PAULO

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has taken up the cause almost as heatedly as Diários Associados. A series of editorials entitled "Foreign Capital in the National Press" are now appearing. The first two focused primarily on Editora Abril, a São Paulo publishing house which is owned by a naturalized Brazilian and publishes at least seven magazines in Brazil and allegedly in several other Latin American countries. The most recent ESTADO editorial constituted an interview with João Calmon who resurrected the Time-Life-Globo issue. ESTADO DE SAO PAULO also mentioned in the editorial that among the stockholders in O GLOBO are Castello Branco, Roberto Campos, Magalhães Pinto and Daniel Krieger. (LIMITED OFFICIAL USE)

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