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INCOMING TELEGRAM *Department of State**Pol 1 BRAZ*LIMITED OFFICIAL USE *XR AND (US) 15-11 BRAZ*

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FM AMEMBASSY/RIO DE JANEIRO
TO RUEHC/SECSTATE WASHDC 2066
INFO RUESUP/AMCONSUL SAO PAULO 179
RUESVA/AMEMBASSY PANAMA 49
STATE GRNC
BT

LIMITED OFFICIAL USE MARCH 19.

PANAMA FOR GORDON

1. CORDEIRO DE FKRIAS RETURNED YESTERDAY FROM SAO PAULO PEACE-KEEPING MISSION AND ANNOUNCED THAT SAO PAULO PERFECTLY CALM. SAID HE HAD MET FOR TWENTY MINUTES WITH "OLD FRIEND" ADEMAR AND WITH REPRESENTATIVES OF ENTREPRENEURS WHO AGREE WITH GOVERNMENT POLICY. INDICATED HE WOULD MAKE REPORT TO PRESIDENT REGARDING SCARCITY OF CREDIT.

2. CORDEIRO SUPPORTED BY COMMERCE MINISTER PAULO EGYDIO MARTINS WHO REPORTED YESTERDAY TO PRESIDENT ON RESULTS HIS MISSION TO SAO PAULO. EGYDIO DENIED TO PRESS THAT ADEMAR HAD SUPPORT OF ENTREPRENEURS BUT NOTED THAT INATTENTION OF GOB TO COMPLAINTS OF THIS GROUP, PRINCIPALLY IN RELATION TO CREDIT RESTRICTION, COULD INDIRECTLY FAVOR HOSTILE CAMPAIGN UNLEASHED BY ADEMAR. MINJUSTICE SPOKESMAN REPORTEDLY STATED THERE NO POLITICAL CRISIS IN SAO PAULO SINCE GOB CONSIDERS ADEMAR'S RIGHT TO OPPOSE GOVERNMENT LEGITIMATE. STATEMENT CALLED ON PRESS TO STOP SPREADING RUMORS.

3. WITH STUDENT DEMONSTRATION NOW OVER WITHOUT SERIOUS INCIDENT (SAO PAULO REPORTING SEPARATELY) AND STATEMENTS BY CORDEIRO AND EGYDIO THAT COMPLAINTS OF ENTREPRENEURS WOULD RECEIVE ATTENTION, SAO PAULO CRISIS, WHICH ARTIFICALLY INSPIRED TO BEGIN WITH AND BLOWN UP OUT OF PROPORTION BY RIO PRESS, SEEMS BE DRAWING TO END. EVEN ADEMAR APPEARS REALIZE THIS WITH STATEMENT QUOTED IN JORNAL DO BRASIL THAT "THERE IS NO QUARREL AND EVERYONE CAN SLEEP IN PEACE."

RAINE

LIMITED OFFICIAL USE

DECLASSIFIED

Authority *NND 969000*

Rec-2066
3/19/66

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