

AIRGRAM

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TO : Department of State 1965 OCT 18 PM 4 06

INFO : RIO DE JANEIRO, BRASILIA, BELO HORIZONTE, BELEM, CURITIBA, PORTO ALEGRE, RECIFE, SALVADOR, SANTIAGO
ANALYSIS & SUBVADITION BRANCH

OCT 16 1965

FROM : Amcongen SAO PAULO

DATE: October 15, 1965

SUBJECT : Weekly Summary No. 41

REF :

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POLITICAL

1. Calm Reigns in Sao Paulo As Political Crisis Subsides

As reported in our last WEEKA, Sao Paulo was tense and

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FORM 4-62 DS-323

Drafted by: See last page

Content and Classification Approved by: William L. Wight, Jr.

Clearances:

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upset as rumors spread of crises and possible coups, amidst military and police alerts and "hardline" bitterness over the outcome of the elections. One week later, the general feeling is that the crisis has been temporarily surmounted, and Paulistas have turned their interests again to work and football. President CASTELLO BRANCO's calmness and strength in the face of LACERDA's attacks, and his refusal to engage in polemics, have earned him continued respect here. His proposals to strengthen the Revolution have mollified the considerable dissatisfaction among military elements, and caused opposition elements to lie low. Air Force and police alerts have been removed or greatly lessened, and labor and student factions are relatively quiet. Governor Adhemar de BARROS is counseling serenity, and general calm prevails throughout the State. Amongst major political parties only the UDN die-hards remain bitter and disillusioned (see Item 2); they continue to attack the President and to discuss opposition to the Federal Government's plans. Hardline extremists led by Admiral HECK continue fragmented, frustrated, and generally impotent to affect the course of events. (LCU)

2. Sao Paulo Reaction to Carlos Lacerda's Attacks on the President

Carlos LACERDA's bitter attacks on the Federal Government and President CASTELLO BRANCO personally have been fully backed by state and local UDN leaders in Sao Paulo. Federal Deputy Herbert LEVY, UDN candidate for Governor, speaking on radio and TV, charged that the Revolutionary Government had failed to wipe out corruption and subversion. On the contrary, he said, the PSD and PTB, the two parties most affected by the Revolution, had united to defeat the "party of the Revolution". Following Lacerda's lead, Levy also attacked President Castello Branco for allegedly openly favoring Pedro PEDROSSIAN, PSD winning candidate in Mato Grosso, whom the UDN had called "subversive". UDN leader Roberto Abreu SODRE, campaign coordinator of Carlos Lacerda, threw his full weight in support of his chief, seeking to rally local Udenistas and UDN members of the Federal parliament to endorse Lacerda's stand. Oscar Klabin SEGALL, President of the Sao Paulo UDN Municipal Directorate, went down the line for Lacerda, harshly criticizing "the Federal Government's maneuver to nullify Lacerda's candidacy through indirect elections". In a hastily-called meeting of the UDN Regional Directorate, indignant speakers urged the UDN to break with "the government which sabotaged the Revolution and almost all UDN candidates in the last election". In a further show of unanimity, UDN leaders in the State Legislative Assembly and the Sao Paulo City Council joined in criticizing the Federal Government and pledged full support to Lacerda.

Pro-Lacerda O Estado, obviously chagrined at the turn of events, recalled they had refused to go along when Lacerda criticized the economic policies of the Federal Government; however, Estado said it agreed fully with Lacerda's political criticism.

Other press organs, political parties, and individuals in Sao Paulo generally condemned Lacerda's "excessive and extreme attack", criticizing the Carioca Governor for seeking to split the armed forces

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