

POL 15 BRAZ

AIRGRAM

FOR RM USE ONLY

RM/R 1	REP 1	AF
ARA	EUR	FE
NEA	CU	INR
E 4	P 3	IO 5
L 3	FRS 1	AID 9
S/P 1	S/S 27	G/Pm 1
AGR 10	COM 10	FRB
INT	LAB 6	TAR
TR	XMB	AIR 5
ARMY 3	CIA 10	NAVY 3
OSD 21	USIA 8	NSA 3
	HEW 7	NSC 6

A-976
NO. CONFIDENTIAL

HANDLING INDICATOR

TO Department of State

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
APR 3 1965
1965 APR 3 1965
Bf

FROM : AmEmbassy RIO DE JANEIRO
DATE: March 9, 1965
SUBJECT: Survey of Group Attitudes Toward Castello Branco Government
REF :

INTRODUCTION AND SUMMARY

The Castello Branco government commenced its period of rule with the overwhelming confidence and trust of the nation. United in spirit during the first jubilant moments following the ouster of Goulart, the diverse groups which made up the revolution, and most other sectors of the public, were blindly optimistic that under the firm, capable, dispassionate leadership of President Castello Branco, Brazil would soon have the great destiny which, but for bad political leadership, would have been its due many years earlier.

This general state of euphoria and blind optimism lasted a short time. As it became clear that the removal of Goulart was only the first step toward national recovery and progress, and that the goals of the revolution demanded personal sacrifice and profound changes in the existing social, political, and economic order, there was a gradual sobering, and a degree of normality revisited the country as the various interest groups resumed their maneuverings for positions of maximum advantage. After a few months, there was a diminished public sense of identification with the revolutionary government, a lack of any widespread feeling of personal involvement in the government's programs, an absence of a pervasive conviction that the government's problems were the problems of all Brazilians. The government did little to correct this. Foregoing any organized and continuing propaganda effort to maintain and expand revolutionary

GROUP 3: Downgraded at 12-year intervals;
Not automatically declassified.

CONFIDENTIAL

FOR DEPT. USE ONLY

☒ In ☐ Out

FORM 4-62 DS-323

Drafted by: POL:LCKilday:rb
Clearances: POL - Mr. Dean (portion on Congress) me
POL - Mr. Krebs me
Contents and Classification Approved by: DCM - Minister Mein me

ARA/BR

HABUINN

NAN

File

DECLASSIFIED

Authority NND959000

1965 APR 5 AM 11 59

COPYFLO-PBR

CONFIDENTIAL

A-976 3/9/65
Page 2
Rio de Janeiro

fervor and a dynamic public support of the government, the President made the basic decision to let the revolution and the government be judged by its long-term actions and accomplishments. Implicit in that decision was a determination to bear the brunt of public criticism for the short-term unpopularity of the government programs.

Thus it is something of a surprise to note that today, almost a year after assuming direction of the nation, the Castello Branco government draws substantial support from every major sector of the society except labor, students, and possibly intellectuals. However, probably only within the military is support for the government deep-bedded and firm; in all other sectors the support extended is conditional, partial, and reserved. It is for the most part passive or tacit support, not positive, active support.

The character of President Castello Branco, which to a certain degree has rubbed off on the government as a whole, is a major factor in the government's base of support. The President is highly respected and admired, if not well-liked. His serious approach to Brazil's problems is widely appreciated as is his integrity, his intelligence, his loyalty, and his acute sense of responsibility. Nowhere in the society is there any pronounced feeling that the President is capricious, self-seeking, or inconsistent. The prestige and respect enjoyed by the President is of such dimensions that even his most outspoken opponents are careful to separate the President from any attack on government policy, fearing that any direct attack on the person of the President would be highly counter-productive.

This enormous respect and prestige is rarely utilized by the President to the political advantage of his government; it is not the President's custom to carry his views on a particular issue directly to the public to create popular pressure in his own behalf, nor does he frequently enough state his own views on a matter to an interested Congress. This has the negative effect of letting controversy develop in cases where it could be avoided by a clear statement of presidential views; it has the positive effect of not defining the terms of an issue too narrowly to rule out reasonable compromise.

Another contributing factor to the government's favorable balance of support is the absence of any generally-acceptable alternative to the government. When a particular interest group becomes so disturbed over government policy that it must make a fundamental though unarticulated choice either to support or oppose the government, the choice seems always to be to continue at least passive support simply because there is no other reasonable option. The clearest example of this was the Navy with respect to the embarked aviation decree. Obviously furious with the President over the terms of the decree, the Navy was

CONFIDENTIAL

DECLASSIFIED

Authority

NN0959000

CONFIDENTIAL

A-976 3/9/65
Page 3
Rio de Janeiro

faced with this fundamental decision and opted to live with the decree and to continue to support the government generally because there was no conceivable alternative. In other words, with no acceptable alternative in sight, interest groups seem to be unwilling to withdraw their tacit acceptance and support of the government because the government has decided against their interests in a specific case.

The lack of any acceptable alternative to the government is partially the consequence of having no clear-cut sustained opposition movement that anybody can take very seriously. Serious opponents or potential opponents to the government are still hedging, possibly because they are uncertain of just how much opposition the government and military will tolerate, possibly because they perceive no real opposition mood in the country despite the amorphous discontent that pervades the atmosphere, possibly because they are still waiting for the government to define itself more clearly. Further, most potential opposition groups have been partially disarmed by the government's record of action; although disturbed by or opposed to government activity in some sectors, they fundamentally support and applaud government activity in other sectors and thus cannot easily sustain a position of clear, across-the-board opposition to the government. The absence of an effective, coordinated opposition increases the relative strength of the support on which the government rests.

Militarily, the government has been strong since its first day of power. While the military "hard line" did at several points appear to be emerging as a challenge to the government within the revolution, all but the most extreme elements of that grouping today seem to be reconciled to pursuing their goals within the framework of this regime. As a matter of fact, the government probably has more support within the military "hard line" today, as a result of the Bilac Pinto victory in the Chamber presidential election, than at any other point since the revolution.

Politically, the government has substantial strength. The government's concentration on economic affairs during its first ten months gave rise to doubts that the government had either the ability or the interest necessary to provide strong political leadership. These doubts largely disappeared with the formation of the government's own bloc in Congress when the government forced members of Congress to define themselves, thus proving the existence of a large untapped reservoir of political strength in Congress. Together with the support offered the regime by the governors of the various states, this made up a bed of nationwide political support sufficient to the government's needs.

All of this is not to say that the government does not have a popularity and support problem; it is merely to suggest that this

CONFIDENTIAL

DECLASSIFIED

Authority NN095900

CONFIDENTIAL

A-976 3/9/65
Page 4
Rio de Janeiro

problem is not critical to its immediate survival. In the longer run, the problem is capable of solution only through effective political and economic performance. The formation of the BAP was the first concrete step toward adequate political performance; it will have to be followed by the development of a sound political strategy, possibly involving a profound change in the political infrastructure. Adequate political performance will also have to be complemented by demonstrable success in the financial-economic program of the government.

There is little question that the government's success on the economic front is just as vital to future political development as is the government's political program. Since economic success is less likely to be produced by government initiative alone, it is in a sense the more important of the two. As is noted throughout the body of this report, almost no articulate group in the country is completely satisfied that the government's financial stabilization program is so soundly engineered as to guarantee the desired results by the end of 1965 or the beginning of 1966. And, all important groups in the country, even those narrowly-defined as political in nature, may well have their final attitude toward the government determined by economic considerations. The broad support now enjoyed by the Castello Branco government will only take root in a climate of improved economic expectations. A lack of success in the economic program could fractionalize the government's political base and stimulate the emergence of opposition groups, providing them with the basic conditions for drawing away the support the government now has.

.

1. The Governors

A presidential aide, in recent conversation with Embassy officers, asserted that the major element of the government's base of political support was located in the twenty-two state gubernatorial palaces. This is probably true. It can be argued that the twenty-two state governors of the Brazilian union constitute the single most powerful political group in the country, and there seems to be no question that the majority of the governors today support the Castello Branco government. On the other hand, it is equally true that the majority of state governors also gave at least tacit support to the Goulart government almost up to the moment of its overthrow.

In part this continuity of support through two radically different regimes can be explained by the substitution of seven governors following the overthrow of Goulart and by obvious apprehensions held by some other governors that they too might feel the keen blade of the revolutionary guillotine. A more fundamental explanation, however, is

CONFIDENTIAL

DECLASSIFIED

Authority

NND959000

CONFIDENTIAL

A-976 3/9/65
Page 5
Rio de Janeiro

that under the Brazilian system, most state governors have little room for option in their relations with the federal government. With the exception of São Paulo, and possibly Guanabara and Minas Gerais, almost the first requisite for effective state government is the financial support of the federal government, and that financial support simply is not forthcoming if the governor of a particular state places himself in open, active opposition to the President or the federal government.

Thus, even in normal times, the financial power of the federal government is an effective rein on any extreme oppositionist tendencies a state governor may have vis-a-vis the federal government, and that power may even be great enough to cause a governor to offer at least tacit support to a federal government policy or action which he might otherwise be expected to oppose. Today, even if the government is not making full political use of its arbitrary financial powers (and indeed plans to seek structural changes easing the states' financial dependence upon the federal government), the pattern remains intact and is reinforced by the political dependence of a number of governors on the Castello Branco government and the visceral and political identification of a number of other governors with the revolution and the government.

The three possible exceptions to this rule are the governors of São Paulo, Guanabara, and Minas Gerais, all of whom have a political power which to an extent rivals that of the President, a relative financial independence from the federal government, and, in the case of São Paulo and Minas Gerais, a state military apparatus of sizeable proportions. These are the only governors capable of carrying on a sustained opposition to the central government, and this capability is a direct result of their independent power.

The attitudes of each of these three governors toward the Castello Branco government are largely conditioned by their individual political ambitions and aspirations. Each of the present incumbents has presidential ambitions; each, therefore, behaves toward the Castello Branco administration in the manner he determines most likely to advance his possibilities of reaching that goal.

Today, Governor Carlos Lacerda oscillates between a position of lukewarm supporter of the government and one of near outright opponent of the government; Governor Adhemar de Barros is increasing the frequency of his divergencies from federal government policy; and Governor Magalhães Pinto attempts to exploit the differences between Lacerda and the Castello Branco regime while at the same time making a discreet effort to compete with Lacerda and de Barros for the political support of those who were abandoned with the revolution.

CONFIDENTIAL

DECLASSIFIED

Authority

NND959000

CONFIDENTIAL

A-976 3/9/65
Page 6
Rio de Janeiro

Publicly, Carlos Lacerda started out as avid supporter of the Castello Branco government and later became a frequent bitter critic of government policy. In this latter position, Lacerda has made sporadic efforts to divide the government from its military and political bases of support by asserting that the government has failed to carry out the revolution, hoping that he could thus capture the leadership of the revolutionary forces and compel the government to accept him as the revolution's candidate for the Presidency. He has also bid for the political support of those elements which sustained Vargas and Goulart in power.

Lacerda and the government may find it mutually desirable to avoid any final, irrevocable split for the time being, and recently there has been a shallow reapproximation between them. The government can well do without the political intranquility that would be produced by Lacerda in opposition, and may need the support of the forces within the UDN at Lacerda's command as it attempts to widen its political base in the Congress and throughout the nation. Lacerda, for his part, probably does not think it would serve his best interests to provoke a split so long as there is any chance of winning the government's support for his presidential nomination and so long as the government rests on a solid base of military support. Whether Lacerda does get the backing of the government in 1966 may well depend on his performance in the 1965 gubernatorial elections; certainly it will be difficult for the government to withhold support, despite its ill-disguised aversion to Lacerda, if Lacerda elects his successor in Guanabara and a number of other governors as well.

Governor Magalhães Pinto was until very recently the only powerful governor closely identified with the Castello Branco administration. Having entered the revolution as a potential presidential candidate with only remote possibilities of success, and having managed to survive a stormy post-revolutionary period when it seemed that his own political life was threatened by the forces of the revolution, Magalhães was looked upon as one of the single most important political supporters of President Castello Branco and the government. In part this was due to the President's dependence on the mineiro UDN organization for political advice and congressional leadership, in part it was due to the President's estrangement from Lacerda and his consequent need to turn to Magalhães for major political support. In any event, Magalhães supported the Castello Branco government fairly consistently, and whatever criticism he offered was voiced in a calm, moderate, constructive tone which contrasted sharply with the intemperance of Lacerda's attacks.

Recently, however, Magalhães has struck out on an independent course of action which, if it does not place him at odds with the President, does seem to separate him somewhat from the President.

CONFIDENTIAL

DECLASSIFIED

Authority

NND959000

CONFIDENTIAL

A-976 3/9/65
Page 7
Rio de Janeiro

His forcing out of the Mayor of Belo Horizonte and his move to have his mandate extended can be viewed in this light. On the other hand, the President's decision to hold direct elections this year must have been interpreted by Magalhães as a direct move against him.

As Magalhães' presidential ambitions are clearly not going to be satisfied within the framework of the UDN, Magalhães will probably seek the support of the PSD and elements of the PTB. While he was expected to do this in any case, and was indeed already attempting to recompose the Frente Mineira as the base for such an appeal, the holding of elections in Minas Gerais in 1965 may force him toward the PSD earlier than otherwise anticipated. If he does make such a move, Magalhães may be expected to enter some sort of a limited opposition to the Castello Branco government.

Governor Adhemar de Barros started off as an ardent defender of the Castello Branco government, soon shifted into a position in which he alternately supported and criticized (low key) the government, and recently has adopted a bold position against the government on several issues. As do his Guanabara and Minas Gerais counterparts, Adhemar hopes to pick up some of the remnants of Goulartism; thus he is expected to increase his opposition to the government on issues of particular interest to the PTB and possibly the PSD but to refrain for the time being from any vigorous campaign against the government.

Adhemar has probably waited until now to begin defining himself because for months his own political life was in jeopardy, and he needed the support of the President to survive. Now, apparently convinced that the President has sufficient control over the military to prevent his ouster, and confident that the President would not allow the military to take any rash action against him, Adhemar presumably feels safe enough to begin his thrust toward obtaining greater political support for the 1966 elections. Thus when it appeared that the federal government might ask for a postponement of São Paulo municipal elections, Adhemar publicly threw his weight in favor of holding the elections. Later he publicly interpreted the result of the mayoralty election as a popular vote against federal government policies. Adhemar also opposed the President's initial position contrary to the holding of direct gubernatorial elections in 1965. He has further grown increasingly harsh in his criticism of the government's financial-economic program and the government's failure to halt the continuing rise in the cost of living.

But Adhemar is a very astute politician. He is probably well aware that as a major national political figure he cannot enter into direct and total opposition to the government without introducing a substantial degree of instability into the national political situation. And he cannot be sure that such instability would not in the

CONFIDENTIAL

DECLASSIFIED

Authority

NN095900

CONFIDENTIAL

A-976 3/9/65
Page 8
Rio de Janeiro

long run work against his own best interests. Thus, for the time being Adhemar will probably hold his opposition to a limited number of issues, at the same time doing what he can behind the scenes to amplify the base of his political support for a serious attempt at the Presidency. Once the 1966 presidential campaign reaches the point at which the election cannot easily be called off, or earlier if the forces of the revolution divide into rival, counterbalancing factions, Adhemar will probably make an all-out effort for the support of those not sympathetic with the revolution or the government. To the extent that it seems politically profitable at that time, Adhemar may be expected to oppose the Castello Branco government.

Of the seven governors who assumed power following the overthrow of Goulart, three are completely identified with the Castello Branco administration. The governors of Goias, Pará and Amazonas were all hand-picked to assume their mandates. Two are professional army officers and one, Artur Reis of Amazonas, a career government economist. All are generally regarded as true revolutionaries who are attempting to do at the state level what the President endeavors at the federal level, and who give unstinting support to the President. They are expected to continue to do so throughout their terms.

Two other governors selected after the revolution from army ranks, the governors of Rio de Janeiro and Acre, support the Castello Branco regime even though their record has been disappointing enough to raise the question whether they continue to draw the regime's support.

The two other post-revolutionary governors, Paulo Guerra of Pernambuco and Sebastião Celso de Carvalho of Sergipe, are in a different category. Although both are regarded as supporters of the Castello Branco administration, their support seems more conditioned on selfish political factors than is the case with the first five. Guerra, who as Vice Governor supported Goulart until his fall from power, has missed no opportunity to praise the new government and to insist that Castello Branco remain in power, if not in perpetuity at least for another two or three years. It is generally assumed that Guerra's support of the government is based on fears of being ousted unless he maintains the backing of the President, his calculation that the best way to remain in office beyond the expiration of his mandate in 1967 is to keep Castello Branco in office, and his calculation that such support will earn him greater financial backing of the federal government. Sebastião Celso de Carvalho, who in no way resembles his predecessor, Seixas Doria, does not make the national splash that Guerra does, and his motivations may differ somewhat, but the degree of support he offers the federal government approximates that offered by Guerra.

CONFIDENTIAL

DECLASSIFIED

Authority

NND95900

CONFIDENTIAL

A-976 3/9/65
Page 9
Rio de Janeiro

The governors of Maranhão, Piauí, Paraíba, Rio Grande do Norte, Espírito Santo, Bahia, Santa Catarina, and Rio Grande do Sul vary in their personal attitudes toward the revolution and the Castello Branco government, but none are in active opposition to the government. Quite the contrary, with possibly one exception, all offer at least lip service to most government efforts, and some go beyond that to labor actively in behalf of the government. Each one of these governors has been the object of attack or criticism by rival state political factions with some leverage in the revolution or by the military; most would probably have been forced out of office by now if the President had heeded the pleas of their attackers. While some are now probably out of danger, the governors of Rio Grande do Sul, Bahia, and Piauí may yet depend directly on the power of the Presidency to sustain themselves in office. In such circumstances, the governors of these states cannot afford not to support the Castello Branco administration.

The governors of Paraná, Alagoas, Ceará and Mato Grosso were all highly gratified by the overthrow of Goulart, and all are identified as close supporters of the Castello Branco administration. The first three are professional army officers who left active duty several years back to seek political careers, but whose military training apparently is to a great extent responsible for their holding positions on most issues more or less identical with those of the President of the Republic. Fernando Correia da Costa of Mato Grosso is a Lacerdista whose major political opponent in the state, PSD Senator Filinto Muller, is closely identified with the Castello Branco administration, but this set of circumstances does not disqualify Correia da Costa as a supporter of the government now.

The broad support the Castello Branco government enjoys among the state governors has seemingly failed on only one or two issues, but even on those the governors have not offered widespread opposition to the government. The AMFORP purchase, the minerals export decree, the partial liberation of food prices, probably drew heavier criticism from the ranks of governors than any other issues since the revolution, but such criticism was by no means manifested by a majority of the governors and was, to some extent, counterbalanced by the support of other governors for the measures. The significant thing to note, however, is that on all critical issues--Goiás intervention, extension of the presidential mandate, election of the Chamber president, agrarian reform, etc.--the President has counted upon the open support of the great majority of the governors.

Just how long this support of the government will be forthcoming is a separate question. Certainly those governors who are due to leave office between December, 1965, and March, 1966, will now begin to re-examine their positions in light of the election intricacies

CONFIDENTIAL

DECLASSIFIED

Authority

NND95900

CONFIDENTIAL

A-976 3/9/65
Page 10
Rio de Janeiro

within their own states. If the government or the revolution decides to run its own candidates in the state elections, it is possible that the governors of Santa Catarina, Maranhão, and Rio Grande do Norte might revise their attitudes toward the Castello Branco regime. In the other states due to hold elections this year, with the possible exception of Mato Grosso, Guanabara, and Minas Gerais, it would seem more than likely that the interests of the incumbent governors and those of the Castello Branco regime would coincide.

In 1966, when the Presidency, the other eleven governorships, the entire Chamber of Deputies, one-third of the Senate, and all state assemblies are to be the object of election contests, the collective attitude of Brazil's state governors will be influenced not only by the results of the 1965 elections but by a host of other factors, including the government's economic performance, the revolution's failure or success in erecting a party apparatus with deep penetration at the grass roots level, the relative strength of opposition parties and potential opposition candidates, etc.

2. Congress and the Parties

Congress' attitude toward the Castello Branco government generally has been one of cooperation and respect, in part reflecting a wide support for the revolutionary regime and in part indicating a reasoned response to the Ato Institucional's prescription of a new pattern of executive-legislative relationships. Except on two occasions during the 1964 session, the Congress provided the government with unfailing support for its legislative program, even if that support sometimes came from different sources within the Congress.

But if the Congress gave freely of its legislative support, it did not manifest a strong political support for the government, as distinguished from the revolution. This was due not only to the government's own eclectic approach to national problems but also to the government's seeming inability to determine what its feelings toward Congress were and what sort of political support it desired of the Congress. The government vacillated between an acceptance of the Congress as a legitimate political institution whose approval had to be obtained, and an evident, if unexpressed contempt of the Congress as a body notorious for its inactivity, corruption, and self-seeking prepossessions. Failing to recognize its own need for broad, continuing congressional support outside the context of legislation, the government made no effort to construct a solid congressional base of political support, and instead confined its relations with Congress to matters of legislation.

The recent formation of the Bloco de Ação Parlamentar (BAP), which in a sense represented the political coming of age of the

CONFIDENTIAL

DECLASSIFIED

Authority

NND95900

CONFIDENTIAL

A-976 3/9/65
Page 11
Rio de Janeiro

Castello Branco government, set into motion the processes of change. In forming the BAP, the government is making its first serious effort to permanently mobilize its latent and/or potential political support within the Congress. If properly handled, the BAP could provide the government a solid, dependable, sizeable bloc of votes on which it would be able to count for continuing support in legislative matters. Moreover, the BAP, through the increased identification of its members with the government, will give the government some 200 congressmen whose own political future is to some degree dependent upon the broad success of the government and who may be expected to defend and explain government actions and policies to their constituents. Whether the BAP actually becomes such an effective political instrument depends less on the congressmen who join it than it does on the skill of government leadership and the extent to which the government is willing to unbend to enter the game of politics as it is played in Brazil.

By forming its own bloc of support within the Congress, the government is also contributing to the crystallization of congressional opposition to the government; by organizing an "in" group, the government is in a sense pushing all non-members to join an "out" group which could prove to be the beginning of an effective opposition, something with which the government has not had to contend up until now. The saving grace for the government, however, may well be the lack of a natural, recognized, "out" leader of sufficient stature and capability to direct a dynamic, coherent opposition movement.

The congressional PTB, already in formal opposition to the government, would be expected to adhere to any larger opposition movement formed as a reaction to the BAP. Such adherence would not be unanimous, however, since a sizeable portion of the PTB has already gone over to the BAP. Further, the evidence shows that as an opposition force, the PTB has been completely ineffective. Thus, even though the attitude of the PTB is expected to be one of continuing opposition to the government, that attitude lacks deep political significance without the introduction of completely new factors.

The PTB national party apparatus may not be as opposed to the Castello Branco government as is its congressional representation; the severe blow dealt to the extremist wing of the party probably had the effect of increasing the relative strength of the party's moderate faction. Such a shift could only be verified at a national party convention, however, and the PTB has had no convention since the change in government. In any event, the attitude of the entire PTB may soon become a matter of little political relevance, since, having had its leadership removed by the revolution, having lost the government financial support it formerly enjoyed, and having been separated from its base of support within the organized labor movement, the PTB may find it difficult to survive the 1966 elections as a major political force.

CONFIDENTIAL

DECLASSIFIED

Authority

NND959000

CONFIDENTIAL

A-976 3/9/65
Page 12
Rio de Janeiro

The congressional PSD, officially in a position of "independent cooperation" since the ouster of Juscelino Kubitschek, has given freely of its support to the legislative program of the Castello Branco government, and on some important measures has provided the only substantial support the government could muster from major party organizations. The PSD has approached a direct opposition stance only on two issues; the Goias intervention and the election of the Chamber President, both of which seemingly gave substance to PSD suspicions that the revolution and the government were anti-PSD in character and intent. The PSD's tactic now, in face of the formation of the BAP, may initially be to attempt to avoid the "for or against" set of alternatives the government appears to be forcing upon the Congress. If this is not possible, it is more than likely that a greater number of PSD deputies will join their approximately thirty-five colleagues who have already opted for the BAP, and the remainder may well be forced into the opposition.

Outside of the Congress, there is reason to believe that the PSD is more identified with the revolution and the Castello Branco government. The PSD's primarily conservative base of support was unhappy over the trend of developments under the Goulart regime, and certainly the Castello Branco government is regarded highly in contradistinction to that of Goulart, even if it is not the government of the PSD's dreams. The PSD in Pernambuco, for example, the most important state party organization in the Northeast, seems completely identified with the Castello Branco government today. The PSD in Rio Grande do Sul also leans strongly in favor of the Castello Branco government. In Guanabara and Minas Gerais there are divisions of opinion toward the government, but in São Paulo, the PSD probably lines up against the government. The key factor in the national PSD's future stance toward the government is probably leadership. If a strong leader emerges to assume the position vacated by Juscelino Kubitschek, it would not be unlikely to see the PSD adopt a coherent attitude of limited opposition to the government, particularly as the 1966 elections draw near. As there are no apparent leaders within party ranks, the party might have to turn to some non-party figure such as General Amaury Kruehl, General Cordeiro de Farias, Governor Magalhães Pinto, or Governor Adhemar de Barros.

The UDN, called the party of the revolution by President Castello Branco, has on more than one occasion failed the government in the Congress. On the agrarian reform bill, for example, the strongest opposition came from within the ranks of the UDN, and important elements of the UDN teamed up with the PTB to oppose, unsuccessfully, the AMFORP purchase and the profits remittance legislation. Such UDN divergencies from the government's legislative program are in part due to Carlos Lacerda's influence over elements of the party and his growing area of disagreement with the government. They are also traceable to the legitimate interests of UDN constituents which conflict with parts of the government's programs, and

CONFIDENTIAL

DECLASSIFIED

Authority

NND959000

CONFIDENTIAL

A-976 3/9/65
Page 13
Rio de Janeiro

probably further reflect a generalized disappointment within the UDN over the President's refusal to award the party a larger share of the available patronage. Nevertheless, the UDN has been the most constant supporter of the government within the legislature and will provide the single most powerful bloc of votes to the BAP. Whether the entire UDN will continue to work within the BAP is another question. Certainly the supporters of Carlos Lacerda are deeply suspicious of the government's long-range political motivations in forming this supra-party bloc, and if it becomes clear that the functioning of the bloc is prejudicial to the candidacy of Lacerda, this group may be expected to withdraw. There could be some earlier UDN defections from the BAP if the President and the UDN clashed over the degree of control the UDN will have over the bloc.

In general, the national UDN is identified with and supports the Castello Branco government, though it is unclear as to how the party would split in the event of a clear, final showdown between the government and Carlos Lacerda. The party bases, it will be recalled, nominated Lacerda as the party's presidential candidate at a time when it was clear that the President opposed the emergence of any presidential candidate. The future direction of the UDN vis-a-vis the government, then, may be related to the question of Lacerda as a presidential candidate, which in turn is related to the questions of whether the government will attempt to convert the BAP into a national party apparatus with deep grass-roots penetration and whether the government will seek basic modification in the political structure.

The PSP, the PDC, and other smaller parties, with the exception of the PSB, have generally supported the government line in Congress, even though the PDC did take pains to establish its formal independence from the government. Outside of Congress, only the PSP and the PDC have important political organizations and substantial strength. The PDC national leadership recently declared its support of the government, and PDC national president Nei Braga has stated publicly he would resign to join a party of the revolution if the government creates one out of the BAP. The PSP is another question. Adhemar de Barros would probably not mind having his PSP deputies go along with the BAP so long as it were confined to an organization within the Congress. Once it moved beyond the halls of Congress, however, Adhemar would probably have to separate himself and his party and begin shopping for new political allies.

3. The Armed Forces

a. The Army

Within army ranks there are at least three identifiable currents of opinion regarding the Castello Branco government. The largest,

CONFIDENTIAL

DECLASSIFIED

Authority

NN095900

CONFIDENTIAL

A-976 3/9/65
Page 14
Rio de Janeiro

perhaps constituted by as much as 70 percent of army officers, regards the Castello Branco government as the legitimate executor of the revolution, is of unquestioned loyalty to the President, and provides the President with the military support he needs to govern the country. While not understanding all aspects of the government's reform and development program, this group is on the whole content to defer to the President's judgment in such matters and to accept and back any policy decision he makes even in such controversial areas as that of mineral exports. War Minister Costa e Silva recently summarized the views of this group in stating that he did not understand what Roberto Campos and Octavio Bulhoes were doing but he assumed that their approach was proper and adequate and he would continue to support it without reservation.

However, this group tends to opine more on political matters than on economic issues, and elements of the group have from time to time taken independent political action which has seemed contrary to presidential policy or, at least, to presidentially-approved procedures (Ceará, Pernambuco, Niteroi, etc.). But such cases have been few and isolated and have created no real strain on the group's relations with the President. For the most part, the group will give full support to the political directives of the President, as, for example, in the case of the São Paulo mayoralty elections.

Looking into the future one can see clearly only two definite issues which might either seriously divide the group or separate it from the President. One derives from the rising cost of living. As is pointed out above, this element of the Army accepts and supports the government's economic program and generally gives faith to the government's assurances that the cost of living and the inflation will eventually be brought under control. If the government succeeds in this endeavor, there will probably be no major disaffection from this element of its military support. If the government fails, and that failure is accompanied by a growing political instability in other sectors, the group might be expected either to demand that the government assume a more repressive posture or to shift its support elsewhere.

The one foreseeable issue which might divide this group is that of the presidential elections now scheduled for October, 1966. This group would probably prefer to see President Castello Branco continue in power for an additional period of time beyond the extension of his present mandate. If the President remains firm in his announced decision not to remain in office, the group could well split into factions of support for other potential military candidates for the Presidency. Whether such factions could be brought together later to offer the new President the same degree of support

CONFIDENTIAL

DECLASSIFIED

Authority NN095900

CONFIDENTIAL

A-976 3/9/65
Page 15
Rio de Janeiro

which is now offered Castello Branco would seemingly depend more on the personality of the new President than on any other factor.

It is almost certain, however, that the group would prefer to support only a respected military candidate, and any candidate from civilian ranks would have a task convincing this large element of the Army that he merited confidence and support.

The second current of army opinion toward the Castello Branco government is that of the so-called "hard line". The army "hard line" is much less than a unified, cohesive force or single center of pressure; at the least it breaks down into one large group essentially loyal to the government, and one small, rebellious and disloyal wing. Altogether, the "hard line" probably constitutes between 20 and 25 percent of army officers.

In the political sphere, the "hard line" opposes the normalization tendencies of the Castello Branco government. The "hard line" resented the government's refusal to use its Article 10 powers to make a thorough cleanup of all elements connected with the Goulart and Kubitschek regimes, all vestigial traces of the Vargas era. Clearly dissatisfied in this respect, the "hard line" has from time to time initiated its own cleanup action, either to force the government's hand or to present the government with an accomplished fact that could not easily be undone. The "hard line" further feels that it is an affront to the revolution for the political forces most identified with Goulart and Kubitschek to continue to exercise political power. To the extent that the Castello Branco government continues to deal with many elements of the PTB and the PSD, the "hard line" feels that the government is betraying the ideals of the revolution.

The "hard line" tends to be emotional in its criticism of certain aspects of the government's economic policies; it is impatient over the cost-of-living issue, and cannot understand why the government does not solve the problem by fiat. "Hard liners" tend also to be ultranationalistic on economic issues, and criticize and oppose any measure designed to place foreign capital in an equal position with national capital. The "hard line" did not like the remittance of profits liberalization, the minerals export decree, the investment guarantee accord, all of which it considers to be designed to permit foreign capital to assume control of the Brazilian economy.

The real problem in assessing the "hard line" as a potential factor of major political instability is in determining the future relationship between the loyal and disloyal factions. There is now apparent disagreement between the two not only over the means to attain certain goals but over the final goals as well. The disloyal faction

CONFIDENTIAL

DECLASSIFIED

Authority

NND959000

CONFIDENTIAL

A-976 3/9/65
Page 16.
Rio de Janeiro

clearly regards President Castello Branco as a treasonable delegate of the revolution, wants him replaced no later than 1966, and apparently has in mind some sort of a military-dominated state for the future. The loyal faction would not go that far now. They share some of the disloyal faction's immediate goals, but prefer to work toward those goals within the existing governmental framework, and probably without a change in Presidents. While both factions have a clear disdain and contempt for civilian politicians, with some exceptions, the disloyal faction, represented by LIDER,¹ has come out in favor of direct elections in 1965 and 1966 as a political ploy, while the loyal faction would probably as soon forego elections in both years.

It is probably fortunate that the army "hard line" counts upon the adherence of few active-duty officers of widespread respect and prestige--General Carlos Luis Guedes and General Moniz de Aragão are the only ones who come to mind. Among retired army officers or officers out of active command, Marshal Denys and General Mourão Filho are certainly the best known "hard liners" but neither of these commands the loyalty of a significant segment of the Army today.

Finally, a third current of army opinion, frankly unfavorable to the Castello Branco government, is that of the survivors of the Goulart and Kubitschek regimes. This current is symbolized by General Amaury Krueel, Commander of the II Army. Without question, it represents the smallest political faction in the Army today.

This faction gave only reluctant support to the revolution which ousted Goulart and then only after it seemed clear that the revolution was going to succeed anyway. Today, members of this faction criticize the government on a variety of issues. On economic matters, they are radical nationalists, to a degree coinciding in view with the "hard liners". Politically, they oppose any delay in the return to political normality and reportedly they have ties with such important civilian political leaders as Adhemar de Barros and Juscelino Kubitschek. Militarily, the group is not significant as it is probably made up of less than 10 percent of all army officers in the country.

b. The Navy

Divisions of opinion within the Navy are similar to but not as sharp as those within the Army. While most navy officers are of an unquestioned loyalty to the Castello Branco government, there is an almost complete lack of positive enthusiasm for the government as a result of the embarked aviation decree and the obvious move in the direction of unification of the armed forces under a Ministry of Defense. There is also a sizeable, amorphous group of officers who, while still in the loyal camp, are rather disillusioned and disappointed over what

CONFIDENTIAL

¹Radical Democratic League

DECLASSIFIED

Authority

NND95900

CONFIDENTIAL

A-976 3/9/65
Page 17
Rio de Janeiro

they regard as the government's failure to don revolutionary robes. Finally, there is a very small core of "hard line" extremists who, like their army brethren, accuse the government of having betrayed the revolution. Pro-Goulart or pro-Kubitschek factions do not exist within naval officer ranks.

The Navy was sorely disappointed and a number of senior officers still resent the President's decision in the embarked aviation issue. There is a widespread feeling in navy circles that the decision was based more on political convenience than on the logic of military science. Navy officers freely admit that they will use all possible legal means to make the solution unpalatable to the Air Force. On the other hand, even while recognizing that the average navy officer's view of the Castello Branco government is certainly colored by his feeling on embarked aviation, there is no evidence that the Navy will resort to covert or clandestine activities to reverse the decree, nor does it seem likely that navy resentment over the decree will broaden into generalized opposition to the Castello Branco government. The best illustration of this is Admiral Rademaker. Upon resigning his position as Director of Naval Personnel in protest over the terms of the decree, Rademaker stated quite emphatically that despite his opposition to the government's naval policy, he continued to support the government generally because "there is no acceptable alternative."

The other issue of paramount importance to navy officers is that of unification of the armed forces under a Ministry of Defense. Navy officers see in this proposal a threat to future navy independence and autonomy, and a further enhancement of army superiority over the Navy and Air Force. Navy opposition to the Ministry of Defense proposal is even more widespread among the officers than the opposition to the embarked aviation decree, but it is possible that the Navy could yet be persuaded to accept the proposal gracefully. The recent designation of a navy officer as Chairman of the Armed Forces General Staff, for example, is the sort of move that would tend to make the whole unification concept more acceptable to the Navy.

Aside from these two issues, the majority of navy officers seems to be willing to accept and support government policy decisions and, generally, to identify with the government. If there is a bit more private criticism of some political decisions in the Navy than there is in the Army, such criticism rarely slips over into the public arena, and navy officers generally have been much more discreet politically, much more careful to remain publicly apolitical, than have their army brothers. On economic issues, the navy officers support, with some evident skepticism, the government programs.

The "hard line" is proportionately greater in the Navy than it is in the Army, and the distinction between "hard line" officers and

CONFIDENTIAL

DECLASSIFIED

Authority

NND95900

CONFIDENTIAL

A-976 3/9/65
Page 18
Rio de Janeiro

others more difficult to trace. Active "hard liners" probably constitute less than 10 percent of total navy officer strength, but the naval "hard line" has much better leadership than does its army counterpart. Admirals Saldanha da Gama, Moutinho, Rademaker, Baptista de Melo, and Cavalcanti, for example, are all "hard line" leaders, and they command the respect and attention of a large amorphous group of like-minded officers. This group, for the most part, expresses the same political and economic attitudes of its army counterpart, albeit somewhat more vigorously.

It is difficult to determine the relationship between this larger group and its extreme wing--the LIDER (Radical Democratic League) crowd led by Admiral Heck, Captain Berutti, and Captain Sa Earp. While the two elements hold coinciding views on some questions--political normalization, cleanup, etc.--it seems doubtful that the larger group would associate itself with LIDER's virulent denunciations of the government and LIDER's almost direct attacks on the person of the President. There is also some question whether the larger group endorses the government's decision to hold direct elections this year, as LIDER does, or whether it would insist with LIDER on direct elections next year.

Finally, it is worthy of note that Carlos Lacerda's stock among naval officers has apparently failed in recent months. Whereas Lacerda used to enjoy the support of a great many naval officers, those who support him now constitute only a noisy minority. For the most part, he is now regarded as a political demagogue whose attacks on the government serve only the interests of the group deposed in the March 31 revolution.

Future navy attitudes will probably depend primarily on the embarked aviation and unification of the armed forces issues. Many elements of the embarked aviation policy remain to be worked out, probably at the presidential level. Should the President decide consistently in favor of the Air Force, we are likely to see an increased disaffection from the government among navy officers, and opposition to the embarked aviation could then broaden into a more generalized opposition to the government. Likewise, should the President decide to push for unification of the armed forces without offering adequate inducements to the Navy, navy hostility to the Castello Branco government would be likely to increase sharply. These two issues aside, the majority of navy officers are likely to follow the Army's lead, and to adopt essentially the same attitude toward the government as the Army adopts. The navy "hard line" might yet reverse its current critical attitude toward the government if the government is successful economically, and if general political stability is maintained. The final direction of the extreme wing of that "hard line", however, is not expected to change materially, regardless of what happens otherwise.

CONFIDENTIAL

DECLASSIFIED

Authority

NND959000

CONFIDENTIAL

A-976 3/9/65
Page 19
Rio de Janeiro

c. The Air Force

Attitudes within the Brazilian Air Force (BAF) toward the Castello Branco government are not markedly different from the attitudes within the Brazilian Army and Navy. The Air Force generally seems to be somewhat cooler toward the government, somewhat more deflated and disappointed over developments since the euphoric days following the ouster of Goulart, but this rarely manifests itself in expressions of hostility towards the President and the government.

As is the case in the Navy, the issue of greatest importance to all air force personnel is that of embarked aviation. Possibly contrary to popular opinion, the Air Force is no more pleased with the President's decision on this issue than is the Navy. The BAF reportedly feels that the President's decision was a hybrid of EMFA studies on embarked aviation and political convenience, and to the extent that the Navy continues to have any flight capability at all, the BAF will not be satisfied on the embarked aviation issue. This is not to say, however, that the BAF plans any dramatic protest. With the appointment of Eduardo Gomes as Air Minister, the President sapped a great deal of potentially explosive emotion from the whole issue since the minister is generally the focal point for air force dramatics in this matter and since Gomes is apparently determined to get the Air Force to live with the President's decision.

The BAF also tends to echo navy sentiment on the drift of the Castello Branco government toward armed forces unification. Like the Navy, the Air Force may be expected to oppose any final move toward unification unless sufficient inducements are offered and unless there are some guarantees that unification will not reduce the relative significance of the BAF.

Aside from these two issues, most air force officers seem primarily concerned over inflation and the rising cost of living. Air force officers generally tend to disagree with the economic-financial policy of the government and to be both apprehensive over the effect of the policy on the public and resentful over the personal deprivation they suffer with stable wages in an inflationary economy. These are privately-held views, however, and do not substantially reduce the support of the government offered by the Air Force as an official body.

"Hard line" attitudes seem to find greater expression in air force circles than they do in the other services, though it is probable that not over 10 percent of air force officers can really be classified as authentic "hard liners". Certainly most of these air force officers who do seriously dissent from aspects of government policy and direction continue to support the government as a whole and entertain no

CONFIDENTIAL

DECLASSIFIED

Authority

NND959000

CONFIDENTIAL

A-976 3/9/65
Page 20
Rio de Janeiro

thought of working directly against the government. As in the Navy, "hard line" leadership in the BAF tends to be of a higher quality than it is in the Army, and such respected officers as Brigadeiro Grum Moss, Brigadeiro Marcio Souza, and Brigadeiro Huet Oliveira Sampaio have all acquired reputations as "hard line" leaders. With the possible exception of a small number of LIDER-type radicals, the air force "hard line" is essentially loyal to the government and seeks to attain its goals within the framework of the existing government.

While it is generally assumed that most air force officers favor the election of Carlos Lacerda, a closer examination suggests that Lacerda's solid support within the BAF is limited to only one part of the "hard line". The other "hard line" element tends to favor the presidential candidacy of Lacerda but has probably not yet decided where it would stand in the event of a final break between Lacerda and the Castello Branco government.

4. Labor

Organized labor does not like the Castello Branco government and sees no reason to believe that the government does not reciprocate this feeling. Not unnaturally, labor's attitude is conditioned largely on economic factors, and the pertinent factors, so far as labor is concerned, are the rising cost of living, the limitation on wage increases, the prohibition on six-month reopening clauses in new contracts, and the consequent fall-off in purchasing power levels. Moreover, that the increases in the cost of living are in large part directly attributable to government action--removal of subsidies on petroleum and wheat, lifting of price ceilings on certain agricultural commodities, implementation of the new rental law, etc.--does much to deepen labor's feeling that this government is anti-labor in character and does not merit labor's support. Factors which further increase labor discontent with the new national situation are the conviction that top economic groups are not being asked to bear their share of the stabilization program, the continued intervention of over four hundred unions, over half of the state federations, and three of the seven confederations, and the increase in employer repression of union activities in some areas of the country.

In other circumstances, the labor leadership that survived or assumed office following the revolution might be expected to give continued backing of the Castello Branco government, and indeed, the leadership did attempt for four or five months to give active support to government policies. But that situation is now in the process of change. Labor leaders now find themselves in a precarious position, unable to influence government policy on the one hand and, on the other, subject to increasing criticism and declining support among the rank

CONFIDENTIAL

DECLASSIFIED

Authority

NND959000

CONFIDENTIAL

A-976 3/9/65
Page 21
Rio de Janeiro

and file for not defending the interests of the class. A growing conclusion among labor leaders, therefore, is that they must either turn against the government or allow their own personal positions to weaken more yet. The recent CNTI attack on Roberto Campos and Octavio Bulhoes must be viewed in that light.

Almost from its inception, the government has been aware of the high level of labor discontent but has made only sporadic efforts to lower or contain it. The government's biggest omission in this respect was its failure to ease the sting of the stabilization program by stimulating labor mutual aid activities, and simultaneously to develop a sense of personal involvement in the success of the stabilization program within the worker class. The President himself has made a rule of seeking out regional labor leaders in his visits to the various parts of the country, discussing their problems with them and explaining government policies to them. This generally has had only a temporary beneficial effect. Initiation of government housing programs such as COOPHAB did have a favorable impact on the working class as a whole, but enthusiasm seems to have died down with the realization that the houses will not be available for over a year, during which period the prospective buyer is expected to make high purchase payments while still paying his normal rent. The government's price containment policy and its move to curtail excessive salaries and ostentatious display of wealth have also provoked a favorable response from labor, but will win significant labor applause only if implemented rapidly and effectively.

Over the next year or so a marked improvement in the economic situation of the working class could change labor's attitude, bringing labor to give active support to the government. Improvements after that period might well come too late, for labor is too powerful a force to remain in political limbo for an extended period of time, and there is too much competition for top positions within the labor movement to permit its present leaders to give a blank time check to a government which has seemed to be anti-labor. Where labor's support might go is open to question. Popular conceptions notwithstanding, there is nothing inherent in Carlos Lacerda's makeup that would seriously disqualify him from striking a bargain with labor leaders looking for political support. On the other hand, only a handful of the former CGT leaders are accounted for; the great bulk are believed to be in the country and indirectly involved in labor activities. If free labor elections are held, it would not be surprising to see elements connected with or under the influence of the CGT leaders regain control of important sectors of the labor movement. The most eloquent testimony of this is the fact that the government has not removed its union interventors except in a few instances.

CONFIDENTIAL

DECLASSIFIED

Authority

NND959000

CONFIDENTIAL

A-976 3/9/65
Page 22
Rio de Janeiro

5. Business

Commercial and industrial groups generally tend to look favorably upon the Castello Branco government, but this favorable view has not yet been translated into action to demonstrate full confidence and support. Businessmen generally seem to regard the government as the best Brazil has had in many years, and overall they are satisfied with the goals the government pursues though frequently critical of the means, particularly as the latter demand sacrifices from the entrepreneurial classes.

While unanimous in support of the goal of economic stability, most businessmen are convinced that the goal should be approached gradually; they fear that the government's rapid and direct approach is likely to result in a greater degree of economic and social dislocation than the nation can bear. Moreover, the businessman, accustomed to low and often negative real interest rates, now believes that he is bearing the burden of stabilization through the squeeze created by stricter credit limitations and the drawing off of funds from the private sector through substantially-increased taxation. Such opposition, although widespread, is not really very profound, and no major business group, with the exception of coffee producers, has carried on a serious campaign against major aspects of the government's program.

Nevertheless, business has disappointed the government in its failure to give immediate and fuller support. Its skepticism of the government's capacity to keep the timetable set for achievement of its stabilization objectives is illustrated by business reluctance to make any major new financial commitment to the future and its resistance to appeals to "freeze" prices voluntarily. No important amounts of new capital have been invested over the past ten months, and many businessmen continue to operate on the basis that inflation will continue, a premise which justifies in their view the raising of prices in accordance with anticipated increases in inventory replenishment costs.

Adding to their general apprehensions are new levels of bankruptcies in São Paulo. In that area, during the months of November, December, and January, the number of bankruptcies per month exceeded those recorded for any other month in the preceding seven years. The number of notes protested throughout the country has also risen substantially in recent months.

There is also a distinct feeling on the part of businessmen that they have been unjustly excluded from the councils of government. They tend to regard government economic policy as the product of

CONFIDENTIAL

DECLASSIFIED

Authority NN0959000

CONFIDENTIAL

A-976 3/9/65
Page 23
Rio de Janeiro

"economists and technicians", and they feel that their participation in policy formulation would introduce some business realism into the policy. The formation of CONSPLAN may reduce the dimensions of this complaint.

Despite these reservations and fears, the average businessman endorses the government: 1) because he sees no acceptable alternative, 2) because the government has shown a pro-business disposition through such action as the partial lifting of price and rent controls, 3) because the government has emphasized the role of private initiative and has reversed the trend toward statism in certain economic spheres, and 4) because under this government the businessman does not have the series of frequent, short-lived but very costly labor strikes from which he suffered so much during the Goulart years.

There is a small but vocal splinter group which diverges in part or whole from the general support of the government. The ultra-nationalists, who have fairly strong roots in São Paulo industry, Minas Gerais industry, and in the National Confederation of Industry, are extremely critical of, and vocal in their opposition to, any measures designed to attract foreign capital into Brazil or to place foreign capital on an equal footing with Brazilian capital in the Brazilian market. This xenophobic group, the best living example of which is José Ermirio de Moraes, enjoyed a privileged position during the Goulart regime. Political leaders of this school of thought went into temporary eclipse with the revolution. Since the revolution, however, they have received notable support from Governor Carlos Lacerda, who has been vehement in his criticism of many elements of the government's program to attract foreign investment. Adhemar de Barros has also stepped up his appeals to this group.

In the foreseeable future, one must conclude, business attitudes will be shaped by progress or lack of progress in the fight against inflation. If the government has demonstrable success in that struggle without causing a major business slump, there is no reason to believe that business will not continue to endorse the government and even respond more positively to the government program. A failure in that struggle, or a major falloff in levels of business activity, would almost certainly force business to shift its support elsewhere.

6. Agriculturalists

Farmers as a class have not made up their minds about the Castello Branco administration, and are not likely to do so until they have a clearer idea of just how the agrarian reform is going to affect their interests.

CONFIDENTIAL

DECLASSIFIED

Authority

NN095900

CONFIDENTIAL

A-976 3/9/65

Page 24

Rio de Janeiro

Were agrarian reform not part of the total picture, the farmers of Brazil, with the exception of certain major commodity producers, would probably give a healthy vote of confidence to the Castello Branco government. So far as farmers are concerned, the government has given substantial assistance to their interests in three ways: 1) by setting up a stimulating farm price support program; 2) by removing artificially low price controls on farm commodities; and 3) by largely ignoring the provisions of the minimum wage law covering farm laborers, and by generally neglecting the rural labor unions altogether (thus letting farmers resume the unfair labor practices they had started to abandon during the Goulart period). Together these items have allowed farmers to make substantial financial progress or recovery during the first ten months of the Castello Branco administration.

In three major commodity areas, however, the Castello Branco government has earned nothing more than the enmity of the producers. Cocoa, coffee, and sugar growers, who together form the nation's agricultural elite, have had a financially-unpleasant year, and like farmers the world around can only blame the government. Even if the producers of these commodities were the major beneficiaries of the government's neglect of the rural labor unions, the financial advantage derived therefrom has not offset losses incurred as a result of failing international markets, declining international prices, government price-oriented export policies, and government reluctance to provide interim financing at former levels. It is worthy of note, however, that coffee, sugar, and cocoa producers are chronically unhappy, and whether the current discontent is on the whole greater than in previous years is open to question.

The agrarian reform issue is still an emotional one, and it is likely to remain so for some time to come. It is significant, however, that some of the emotional resistance to the reform has already died down, and that tacit acceptance of the reform seems to be growing even before the reform law has been regulated. While farmers in São Paulo may still bluster about the inviolable rights of private property, and the need to protect that right through armed action, such blustering in other parts of the country has largely ceased. And nobody takes the São Paulo group too seriously, especially after recalling that the same men issued the same threats during the Goulart period but never got around to carrying them out.

It is becoming increasingly clear that agrarian reform is not capable of implementation on a nation-wide basis over the next four or five years at least; the government will probably attempt to implement the reform now only in areas of a high degree of social unrest

CONFIDENTIAL

DECLASSIFIED

Authority

NND959000

CONFIDENTIAL

A-976 3/9/65
Page 25
Rio de Janeiro

such as Pernambuco's sugar zone. As the farmers generally begin to perceive this, and particularly if the government makes a concerted effort to implement the rural development legislation that was a companion to the agrarian reform, tacit acceptance of the reform may well increase substantially.

Assuming that farmers generally do well, and that as a class they come to understand that the agrarian reform presents no real threat to their well-being, there is no reason to believe that their final attitude toward the Castello Branco government would not be one of gratitude, respect, and support. Failing either of these two basic assumptions, however, one must conclude that farmers would turn against the government. Here again the government's struggle with inflation and the cost of living becomes critical. If the government fails in this struggle, and is forced to suspend price supports and to resume artificially-low price ceilings, it will in the process lose the support of the farmers. In such an eventuality, it is more than likely that the farmers would turn to Carlos Lacerda. Lacerda has always had a certain popularity among the farmers anyway, and he is now making a renewed effort to gain their political backing in his bid for the Presidency. And, since in many areas of Brazil farmers control substantial blocs of votes, such backing could be of critical importance in any national election.

7. The Church

Political activity of the Church has diminished substantially since the revolution. In sharp contrast to the pre-revolutionary period, Church leaders, whether of the right, left, or center, seem to be making an effort to refrain from public discussion of current political issues, and such infrequent pronouncements as they do issue are more indirect, less specific than those made in the period leading up to March 31, 1964.

There have been only two major statements of Church attitude toward the revolution, one issued by Pope Paul on April 30 and the other released in the form of a manifesto by the National Confederation of Bishops in June, 1964. Pope Paul's statement was taken as an expression of Church agreement that the revolution had saved Brazil from communism, and as an admonition to the government to restrain repressive tendencies of the revolution. The Pope's transfer of the former Cardinal-Archbishop of São Paulo was interpreted as tacit admission that members of the Church hierarchy had collaborated with extremist elements in the pre-revolutionary period and as a gesture of Church willingness to cooperate with the new government. The June manifesto of the National Conference of Bishops echoed parts of the Pope's statement on the revolution but vigorously warned the revolution not to include Church leaders in their purge and cleanup efforts

CONFIDENTIAL

DECLASSIFIED

Authority

NND95900

CONFIDENTIAL

A-976 3/9/65
Page 26
Rio de Janeiro

and counseled the government to pay particular attention to social reforms.

Notwithstanding the reserved and almost conditional tone of these two statements, the ^{dominant} attitude toward the government within the Church is one of respect, satisfaction, and cooperation. The center and right-wing factions, which have recently gained control of the key Central Committee of the National Conference of Bishops, generally are satisfied with the social reforms instituted by the government so far and confident that others are in the offing. They seem to appreciate the government's reasons for adopting a financial stabilization program and are willing to wait to see whether the program produces the desired result. They further appear to regard the government as properly moderate in the political sphere. Cardinal-Archbishop Dom Agnelo Rossi, new President of the Central Committee, Dom Jose Gonçalves, new Secretary General of the Committee, and three of the other four politically-influential bishops on the Committee are believed to hold these views or their rough equivalents, and to identify with and support the government. Under the leadership of Dom Agnelo Rossi, the Central Committee is attempting to remove extremists from influential positions in Catholic social action groups subject to the Committee's control and to establish greater control over the policy of these groups. There is also reason to believe that the Central Committee will attempt to harmonize Church views on how to apply Church doctrine to social problems, which has been the primary cause for political divisions within the Church. When fully implemented, these policies should result in more effective support for the Castello Branco government.

(including
Catholic Action /the Catholic University Youth (JUC)), and the Basic Education Movement (MEB), the Church social action organizations of greatest controversy during the Goulart period, continue to function, apparently with mostly the same staffs as before. The ideological makeup of the staff members is probably such as to make a negative attitude toward the Castello Branco government a foregone conclusion. The Central Committee of the CNBB, however, has removed some of the extremist ecclesiastical and lay advisors to these organizations, and the new orientation given to them may temper what would otherwise have been an attitude of radical opposition. The government apparently has faith that this will be the case for it has continued its financial support of MEB. MEB has withdrawn from use the literacy text which was widely criticized in 1963 as "subversive" and is now preparing a new, less radical text.

Dom Helder Camara remains a special problem for the government, and it is possible that his influence may yet make the Church in the Northeast a problem area. Dom Helder holds distinctly negative views

CONFIDENTIAL

DECLASSIFIED

Authority

NN0959000

CONFIDENTIAL

A-976 3/9/65
Page 27
Rio de Janeiro

on the revolution and the government. He disagrees strongly with the government's financial-economic policies, opposes the government's foreign policy, and in general seems to hold serious doubts regarding the government's basic aims. His attitude toward the government is fully reciprocated, and it is clear that the government is becoming increasingly suspicious of Dom Helder's activities. Further, there is some reason to believe that these suspicions are being transferred to other members of the Church in that area, particularly those like Padre Crespo and Padre Melo, who are directly engaged in social and quasi-political work. The government has so far resisted any impulse to directly attack or overtly suppress Dom Helder's activities, but government spokesmen in the area have on several occasions bluntly suggested that Church leaders should restrain their concern to matters of the spirit. These suggestions were flatly rejected in the manifesto issued by Dom Helder and his two fellow archbishops of the Northeast in January, 1965, and it is plausible to assume that the rejection constituted a further breakdown in relations between Dom Helder and the government. In the long run, it is possible that the government will have to choose between tolerating Dom Helder and losing whatever support he can draw away from any sector, or moving against Dom Helder and running the risk of having other important elements of the Church reconsider their support.

Although Dom Helder is by far the most influential member of the Church's left-wing, the government will also have to be careful in how it deals with other elements of that faction. A recent IPM report alleged that Brasilia Archbishop Dom Newton de Almeida Batista had appeared on the "Cadeia da Legalidade" radio broadcast on April 1 to exhort the public to defend the Goulart government and resist the revolution. Dom Newton has replied with a public note denying this allegation and warning his accusers that canon law provides for the ipso facto excommunication of any person who takes a diocesan bishop into a secular court. Another case which may yet prove sensitive is that of Padre Francisco Lajes, extremist priest who has been under arrest since the revolution on charges of subversion and political agitation. There is probably little doubt of Lajes' guilt within the Church hierarchy, but nevertheless the government will have to proceed carefully to avoid offending the sensitivities of the clergy.

8. The Press

The press, and news media in general, reflecting its conservative ownership, is overwhelmingly on the side of the revolution and only slightly less on the side of the Castello Branco government. The only major exceptions to this general rule are Correio da Manhã, Tribuna da Imprensa and Ultima Hora, the first two of which supported the revolution but oppose the government. Of the three newspapers

CONFIDENTIAL

DECLASSIFIED

Authority

NND959000

CONFIDENTIAL

A-976 3/9/65
Page 28
Rio de Janeiro

clearly in opposition to the government, only Correio da Manhã is not directly tied to political interests which conflict head on with those of the government.

Ultima Hora remains the propagandist of Goulartism. Though it suffered serious financial reverses with the ouster of Goulart and the withdrawal of government financial assistance, forcing the chain to shut down all branches outside of Rio de Janeiro and São Paulo, Ultima Hora has not noticeably changed its line of harsh criticism of the government and gross distortion of government policies and actions. It is a tribute to the patience of the government that Ultima Hora continues to publish in Brazil.

Tribuna da Imprensa, whether controlled by Carlos Lacerda or not, is the vehicle used to expound the Lacerda line. For all practical purposes Tribuna has been opposed to the Castello Branco government since July, 1964, and that opposition becomes more direct and more virulent almost daily. Tribuna circulation, it is fortunate, is limited to 35,000 copies daily.

Correio da Manhã, known as the "venerable prostitute" among newsmen, supported the ouster of Goulart but turned against the government within a few days afterwards. Until now, it has preached an ultra-nationalist, civil-libertarian line which finds nothing to commend in the government of Castello Branco or in the events since March 31, 1964. Unlike Tribuna and Ultima Hora, Correio da Manhã attracts some very capable analysts and commentators who sometimes make a fairly convincing case for their negative interpretations of current developments. However, several of Correio's most capable journalists were recently led to resign by a decision of the paper, forced on it by inadequate advertising revenue, to soften its attacks on the government. This reported decision has not yet found clear expression in print.

Aside from these three papers, the press is generally in support of the government. This does not mean complete endorsement of all government policies or an absolute lack of criticism of the government. On the contrary, most papers in support of the government have specific political or commercial interests to plug and may be expected to take up the cudgels against the government whenever government policy seems to be working against these interests. At the same time, their general support of the government derives in part from their pursuit of these narrow ends, and their conclusion that government policy generally will facilitate this pursuit.

To a large degree, this general support of the government has led most papers to abandon their critical sense and to take the side

CONFIDENTIAL

DECLASSIFIED

Authority

NN095900

CONFIDENTIAL

A-976 3/9/65
Page 29
Rio de Janeiro

of the government in most sensitive or controversial issues. Thus the press generally endorsed the extension of President Castello Branco's mandate, the intervention in Goias, the intervention in the election of President of the Chamber of Deputies, and the President's initial stand against the holding of direct elections in 1965 in eleven states. Except in cases involving political or commercial interests of specific papers, the press will criticize the government only when it appears to be too timid or indecisive in its approach to a problem.

Probably the only major paper in the country which retains a fair amount of objectivity while still supporting the government is Folha de São Paulo.

In a sense this all-out support of the government which characterizes the press in Brazil is helpful in that it allows an over-worked, well-intentioned government to proceed in its tasks without devoting much time or attention to defending itself against press criticism. In the long run, however, the absence of an independent, objective, critical press is also the absence of an important link with public opinion and the absence of a potentially-effective curb on government expenses.

Thus it is not entirely lamentable that the working members of the press, as opposed to newspaper owners and directors, are generally critical of the government, and that this criticism is partly reflected in news reports and political and economic analyses. The Embassy's distinct impression is that the majority of the working members of the press are in favor of the aims of the revolution and the Castello Branco government, but tend to believe that the government is failing in its aims because of a lack of public relations sense, a political ineptitude, and a lack of political foresight and dynamic. There is also detectable a more serious type of criticism which questions the basic honesty of the government in such issues as the AMFORP purchase and the minerals export decree, and which sees occult political motivations in such government moves as the Goias intervention, the dismantling of Panair do Brasil, etc. It should be noted that most of this criticism is intellectual. Little of it reflects deep hostility to the government.

Whether there will be any major shift in press attitudes toward the Castello Branco government depends on several factors. If the government is able to progress economically and at the same time retain firm political control, it is likely that most papers will continue their support, and it is quite possible that working members of the press will revise their negative impressions. If the government's economic program falls far short of its goals, and the revolution becomes fractionalized as a result, one may also expect to see

CONFIDENTIAL

DECLASSIFIED

Authority

NND95900

CONFIDENTIAL

A-976 3/9/65
Page 30
Rio de Janeiro

the government's support in the press follow the divisions of the revolution. In any event, as the country approaches a 1966 election date, and potential candidates begin to seek press outlets, we may see something of a falloff of press support for the government.

9. Students

Student attitudes toward the revolution and the Castello Branco regime are not as specific as they are toward the new student law. At the moment, the single attitude which is held by almost all students is some degree of disagreement with the recently-passed government student legislation and some degree of hostility towards or distrust of the present Minister of Education, Flavio Suplicy de Lacerda. However, the initial determination to oppose the student law actively has died down, and while many student groups do not believe the new law will work, most seem to have moved towards tacit acceptance of it as the frame of reference within which they will have to function. Even the National Students Union (UNE) will not attempt a legal challenge of the new student law (it had considered this at one point) despite the fact that the law will force state student entities to choose between UNE or the new structure. UNE leaders will, however, attempt to maintain UNE as a civil organization, waiting for the day when a new Minister of Education or a new administration again will recognize UNE as the legitimate representative of students.

Until the government actually tries to administer the new student law, it is difficult to estimate how deep this tacit acceptance of the law goes. Some State Student Unions (UEE), those of Minas Gerais and Paraná, for instance, will probably join the government-approved student organizational structure. Others, such as the UEE's of Guanabara and São Paulo, will probably refuse to participate in the new structure. Depending on how hard the government pushes the issue, there may well be a new outbreak of active opposition on the part of the leaders of UNE and certain state unions if it becomes apparent that, while they want to coexist with the government-sponsored organizations, the government does not want to coexist with them.

A small, politically negligible number of student groups such as the Brigada Nacional da Juventude in Guanabara and the Frente Democrática Universitária in São Paulo are completely identified with the revolution and give total support to the Castello Branco regime, and others, such as the Aliança Libertadora Acadêmica (Guanabara) have collaborated with the government in such activities as the "cleanup" in student circles. Identification with the revolution, however, has generally prevented such groups from winning student elections and is greatly responsible for their lack of influence among students. Recognition of the fatal nature of such identification is probably

CONFIDENTIAL

DECLASSIFIED

Authority

NND959000

CONFIDENTIAL

A-976 3/9/65
Page 31
Rio de Janeiro

sufficient to prevent other groups, which might otherwise offer limited support to the government, from doing so. Further, several specific student groups which supported the revolution have already expressed publicly their dissatisfaction and disillusionment with the Castello Branco government.

While all but a few hard-line extreme leftists were glad to see Goulart deposed, most students tend to distrust those who took Goulart's place because they came to power by allegedly extra-legal means. This feeling, plus their natural instinct to be on their guard against all authority regardless of its source, has engendered a general feeling of skepticism among many students toward the Castello Branco regime. This skepticism is not expressed in hostility generally, but is characterized by a "wait and see" attitude. Almost all students believe in thorough-going structural reforms of Brazilian society, and most seem to believe that these reforms would not have been achieved under Goulart. However, most students, and this includes several student leaders who actively participated in the revolution, are not completely convinced that the Castello Branco regime is sincerely interested in reforms or is capable of bringing them about.

While this skepticism and tendency to distrust the government would have existed under the best of circumstances, the general belief among students that the Minister of Education is anti-student and that the government is deliberately attempting to repress them through the new student legislation, has served to widen the chasm between the students and the government. Other than a few ineffectual statements by the Minister of Education in his own defense and a number of specific unsuccessful attempts by the Minister to exchange federal funds for the support of student groups, there has been little effort by the government to bridge this chasm.

These student attitudes are not static, of course. Some of the more knowledgeable students recognize that the government has taken serious steps to attempt to curtail inflation, accept as sincere the government's stated interest in agrarian reform, electoral reform, and administrative reform. Even more important to the students would be, naturally, a sweeping university reform. Should the government make real progress in implementing these reform programs, a real change might come about in student attitudes. Particularly if the Castello Branco regime, through effective action and an effective public relations program, could present itself to the students as a reformist government, many students might swing from skepticism to a growing commitment to the revolution and to the government. It is highly doubtful, however, that such a commitment would ever become total, since in the eyes of most students, the minerals export decree, the AMFORP purchase, the investment guaranty agreement, and the profits

CONFIDENTIAL

DECLASSIFIED

Authority

NND959000

CONFIDENTIAL

A-976 3/9/65
Page 32
Rio de Janeiro

remittance legislation were all steps away from fulfillment of Brazil's best interests.

Although most student leaders are, at the moment, skeptical of the government's intentions, there is very little clandestine anti-government activity among students. UNE, as has been stated, thinking that it can coexist with the government student structure, plans to work within the law. The only other non-communist student group with any effective membership among students, the Ação Popular (AP), seems to be divided about what strategy to adopt. The AP, as a matter of common principle, is totally opposed to the present government. However, very recent unconfirmed reports indicate that a split may be occurring among AP leaders with two currents developing. A "soft-line" current, centered in São Paulo, intends to develop intellectual and legal opposition to the government but not to engage in direct, illegal action, at least for the time being. This conflicts with "hard-line" AP activists, most of whom are exiled in Montevideo, who apparently desire acts of sabotage and insurrection in Brazil. Students are completely antipathetic to the violent line AP, and even the soft-line AP is finding it difficult to exploit the seemingly ideal atmosphere of distrust of the government. A large number of important student leaders sympathize with the AP's complaints against the Castello Branco regime, but they do not sympathize sufficiently to join in open hostility to the government.

The appeal of the soft-line AP will probably increase or decrease in direct response to at least three specific considerations. A noticeable improvement in the economic condition of the country will undercut the AP thesis that the Castello Branco administration is leading the country to economic chaos and will challenge the skepticism of moderate leftist and centrist student forces. A slight deterioration or long lag in bringing about noticeable economic improvement will, on the other hand, contribute to that skepticism but will probably not, by itself, drive most student groups into open opposition to the government in the short run.

The government's handling of the student law will be a second determinant of future attitudes of most student groups. If the government attempts to administer the law harshly and to force all student groups to conform immediately to the new law, some of these student groups, such as UNE and certain state unions, will probably begin to fight the government's application of the law and will become far more responsive to the soft-line AP position of legal opposition to the government.

A third major factor in changing or hardening student skepticism will be the administration's handling of major political questions, principally the 1966 presidential elections. Any attempt to postpone

CONFIDENTIAL

DECLASSIFIED

Authority

NND959000

CONFIDENTIAL

A-976 3/9/65
Page 33
Rio de Janeiro

or otherwise modify the presidential elections scheduled for 1966 would probably be strongly opposed by most student groups and would cause many of them to openly oppose the government on the grounds that continuismo is unacceptable and a threat to Brazilian democracy.

10. Intellectuals

Of all groups in Brazilian society, intellectuals have been the least expressive of their attitudes toward the Castello Branco government. Such respected intellectuals as Gilberto Freyre and Gilberto Amado have issued warm words of praise for the government, Freyre terming it possibly the best Brazil has ever had. Others, such as Gustavo Corção, have been more reserved but have generally endorsed the government's programs and actions. Still others, such as Carlos Heitor Cony and Alceu Amoroso Lima, have been severely critical of the government. But the class as a whole has been quiet publicly, neither praising nor condemning the government, neither supporting nor opposing it.

With few concrete indications of opinion to go on, it is not possible to examine intellectual attitudes except in the most superficial way. And the surface impression is that intellectuals tend to distinguish between President Castello Branco and the government he heads. While respecting and admiring President Castello Branco, feeling perhaps that he is one of their own, intellectuals seem to place little faith in the efficacy of the government's economic-financial programs, and to resent or fear the prominent role of the military in the political affairs of the nation since the revolution. Although there is a feeling among some younger elements of the intellectual class that the government is evolving into a military dictatorship, this feeling does not seem to be generalized. Quite the contrary, the freedom to criticize and castigate the revolution and the government has allayed many of the earlier fears along this line.

While it is apparent that not many intellectuals have a deep faith in the Castello Branco government, the reputed hostility or opposition to the government among intellectual circles seems to be neither widespread nor deep-seated, (the recent "intellectual's" manifesto of opposition to the government, for example, was signed by relatively few authentic intellectuals), nor is there any agreement in what would be an acceptable alternative to this government. This is partly due to the purge of institutions such as the Ministry of Education and Culture, the University of Brasilia, ISEB, SUDENE, which might have been expected to serve as the centers of intellectual resistance to the government. In any event, it seems plausible to suggest that intellectual opinion toward the government would crystallize into opposition or hostility only with the emergence of

CONFIDENTIAL

DECLASSIFIED

Authority

NND959000

CONFIDENTIAL

A-976 3/9/65
Page 34
Rio de Janeiro

a clear trend toward continuismo or toward a more authoritarian state.

While the foregoing is true of the intellectual community as a whole, it does not adequately describe the feelings of one part of the community. Scientists seem to be more satisfied with this government than they have been with any other, primarily because the government has evidenced a serious interest in research and development, and has demonstrated its determination to achieve real progress in these areas. For the first time they have found the top door of government open to them, and the National Research Council (NRC) has received more financial stimulation in the past ten months than it did in the previous eight years. Key scientists such as Antonio Moreira Couceiro, Chairman of the NRC, Luis Cintra do Prado, Chairman of the National Nuclear Energy Commission, and Carlos Chagas, Dean of the Medical School of the University of Brazil, have accepted these new posts and are devoting their days, nights, and all free time to the enthusiastic discharge of their responsibilities. Further, there seems to be a general recognition that the most celebrated cases of "persecution" of scientists (e.g., Dr. Isaias Raw and Dr. Mario Schemberg of the University of São Paulo) were either initiated by ill-intentioned competitors, not by the government, or are based on sufficient evidence of Communist affiliation and activity to merit investigation. In the case of Dr. Schemberg in particular, the Brazilian scientists have shown a much greater degree of political sophistication than their foreign colleagues; while the Brazilians generally recognize that Schemberg is an authentic communist and endorse the government's efforts to prosecute him, foreign intellectual and scientific groups have been persuaded to condemn the alleged mistreatment of Schemberg by the government.

11. Women

It is now a matter of Brazilian political history that the Brazilian woman played an important role in the ouster of Goulart. Through the political action groups such as CAMDE (Guanabara), LIMDE (Belo Horizonte), and their counterparts in São Paulo, Recife, and other major cities, the women helped to shape and crystallize public opinion against the Goulart regime, thereby contributing to the creation of an atmosphere favorable to the revolution.

700 feet. { It is probably fortunate that such women's political action groups, since the ouster of Goulart, have spent more time exaggerating their role in the revolution than they have in political activities otherwise. For the Brazilian woman, as a political animal, seems to function effectively only in a negative sense, only when she sees a specific threat emerging that she can attack and destroy.

CONFIDENTIAL

DECLASSIFIED

Authority

NND959000

FILE

CONFIDENTIAL

A-976 3/9/65
Page 35
Rio de Janeiro

To date, the women's groups are not known to have adopted a definite stand toward the Castello Branco government, at least not since the initial bloom of the revolution wore off. The political action groups clearly have a high regard for the President himself and feel that he has restored dignity and respectability to the Presidency. They do not, however, extend this same admiration to all members of the government or parts of the government's program. They have gone on record as opposing the government's economic policy insofar as it has not resulted in a complete halt to the inflation and the rising cost of living. Women, however, tend to exempt the President from any blame for this policy, feeling instead that the policy was advanced by Roberto Campos, whom they dislike and distrust. The women also betray a certain resentment because the government has made no effort to solicit their views or to hold their support.

On most other national issues the women's groups tend to be poorly informed; however, this lack of information does not prevent them from adopting fairly radical positions. Thus, the women generally feel that the government has not carried the "cleanup" far enough; they were completely in favor of intervention in Goias, they oppose elections in 1965, and they are generally very critical of what they term congressional "ineptness".

With the possible exception of the União Civica Feminina of São Paulo, which reportedly has ties to Adhemar de Barros, no women's group yet seems to be definitely committed to the support of any presidential candidate. Nevertheless, while there is some pro-continuismo feeling among women, most organized women tend to support the candidacy of Carlos Lacerda. At the very least, they display a marked vulnerability to the positions and arguments Lacerda has adopted in recent months.

All of the above applies only to the women's political action groups; it does not describe the views of the politically-significant social worker and basic education groups which tend to be dominated by women. These latter are generally more sophisticated politically, more concerned with attacking the basic causes of Brazil's social and political maladies, and more inclined to adhere to leftist positions, with the exception of those based in Guanabara who are Lacerdistas. These groups are probably yet divided with respect to the Castello Branco government, some members being convinced that the government is sincerely attempting to create the conditions in which they can operate, some still skeptical of the sincerity of the government's reformist proclamations, and some still resentful over the overthrow of Goulart. There seems to be a unanimity of opinion among them, however, that the economic program of the government is designed to favor privileged groups and is forcing the masses to new depths of

CONFIDENTIAL

DECLASSIFIED

Authority

NN0959000

CONFIDENTIAL

A-976 3/9/65
Page 36
Rio de Janeiro

poverty. In a stable political situation, these groups have a political significance which far outweighs that of the political action groups, so their collective attitude toward the Castello Branco government is of a more vital importance now than the attitudes of the first groups.

For the Ambassador:

Lowell C. Kilday
Lowell C. Kilday
Second Secretary

Contributors:

MIL:Army:VAWalters

Navy:CNWhited

Air:RKahl

USIS:GABoehrer, JPLane, JEWyant, JHarrigan

ECON:JKuhl, CGrover

LABOR:HShapiro, LKMacPhee

POL/R:LKGardiner

SA:ACSimonpietri

SOCWEL:MCJennings

CONFIDENTIAL

DECLASSIFIED

Authority NN0959000