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TO : DEPARTMENT OF STATE

INFO : Amembassy BRASILIA

FROM : Amembassy RIO DE JANEIRO

SUBJECT : Views of Planning Minister Roberto Campos

REF :

LIMDIS

Enclosed is a memorandum of conversation between Ambassador Tuthill and Planning Minister Roberto Campos in which the latter talks about his lack of enthusiasm for collective bargaining, problems of administrative reform, possibilities for increased emphasis on agriculture and education, the need for a new press law, and Brazil's military expenditures.

TUTHILL

Enclosure: *amwp*
Memorandum of Conversation

GROUP 3
Downgraded at 12-year intervals,
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MEMORANDUM OF CONVERSATION

DATE: September 28, 1966

SUBJECT: Views of Planning Minister Roberto Campos

PLACE: Embassy Residence

PARTICIPANTS: Roberto Campos, Minister of Planning
Ambassador John W. Tuthill

1. Labor. I asked Roberto Campos where he stood in terms of labor organization and collective bargaining. It was quite clear from his reply that he is in rather full disagreement with his very close friend, the Minister of Labor. (Incidentally, he stated that it is possible that Gonzaga Nascimento Silva may continue as Minister of Labor under Costa e Silva. He obviously believed this would be a very good thing.)

Campos stated that one cannot have both a paternalistic labor situation with a vast quantity of the legislature to help protect labor, and free collective bargaining. He stated that Brazil has had the first system for years. Much of the legislation remains on the books. He stated further that in the past "labor" has always become a political force in Brazil. He said if encouraged it could easily become like the CGT in France, thus becoming able to foment a general strike. Accordingly, given its past history and present legislative requirements, he saw no prospect for free collective bargaining at this time in Brazil.

I told Campos that I understood the problems in connection with the immediate establishment of collective bargaining in Brazil, but I wondered if it wasn't possible to plan to move in that direction and to establish that as an objective. Without much enthusiasm, Campos stated that this might be possible if the trade unions developed along responsible lines.

I pointed out that the question of development of trade unions was related to the type of economy and society that would emerge. I told him of my conversation with the São Paulo

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labor leaders. I told him that during Goulart's period they had been in opposition. Now, they have become the labor leaders, but under present governmental regulations and controls and in the absence of collective bargaining they can offer very little to the rank and file of labor. Accordingly, they claim that they have less standing in the rank and file today than previously.

Campos stated that he felt the government could do a good deal for education and health, but he wasn't prepared to give an inch, at least at the moment, regarding collective bargaining. He did admit, however, it might become a long-term objective. He would only accept it, however, with very qualified enthusiasm.

2. Administrative Reform. I asked Campos whatever happened to the administrative reform proposals. He stated that the President is very anxious to settle this issue, but that he is bedeviled by two questions: 1) the defense establishment and 2) civil aviation. Regarding the military, his problem is the establishment of a defense ministry in the face of violent opposition by the Navy. Nevertheless, he may resolve it by setting up a ministry which would cover the three services without very clear responsibility. Campos stated that unfortunately Costa e Silva is unenthusiastic about the defense ministry. He does not appear prepared "to face the opposition to this development."

The second area of difficulty falls in an argument between two old friends of the President, the Minister of Transportation and the Minister of Air, both insisting upon having civil aviation. Campos believes that the answer may be to put civil aviation theoretically under the Ministry of Transportation, but actually to leave the main responsibility for it under the Air Force.

I asked Campos why the President didn't create a new agency reporting directly to the President's office. Campos stated that the President is most reluctant to establish new offices, feeling that there should be a limited number of people reporting directly to him.

I asked Campos when this matter would be resolved. He stated that he felt it would be resolved shortly after the November 15 elections. A bit optimistically, perhaps, he suggested November 16. He emphasized repeatedly that there

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is no question about the President's desire to move. The two problems mentioned above are the obstacle.

3. Agriculture and Education. Referring to my conversation with Castello Branco and Costa e Silva and the emphasis given by President Johnson on agriculture and education, I asked Campos what prospects he saw for an expanded effort in these two fields. He replied -- negatively -- that the program required local currency and therefore that an immediate conflict of interest existed. I told him that I understood in addition to funds it was a question of lines of authority and over-all planning responsibilities. I asked if there was any plan to strengthen the two ministries looking towards this objective. He didn't really give any answer. (Comment: The question of administrative chaos is, of course, related to the fate of the basic bill on administrative reform.)

4. Press Law. I told Campos of my conversation with Pío Corrêa and my serious concern that the GOB would issue a press law which would be interpreted as adversely affecting the freedom of the press. Campos launched upon an attack against not only the Tribuna, but most of the other Brazilian press. Rather begrudgingly, he did admit that the Estado de S. Paulo, the Jornal do Brasil, and possibly one or two other papers had some sense of responsibility. Nevertheless, he described most of the Brazilian press as being "blackmailers." Furthermore, he stressed that practically all of them are in debt to the government. He fails to see why the government should not insist upon payment of those bills, thus causing various bankruptcies. He felt that there are far too many papers in Brazil and believes that they are unable to support themselves without blackmail.

Nevertheless, Campos did seem to recognize at least that there would be a public relations issue especially in the United States if sweeping, drastic action were taken. He stated that he had suggested a few months ago that a committee of two newspapermen and two lawyers be formed to draft a new press law. The suggestion had not been rejected nor had it ever been accepted.

In any event, Campos stated that I did not have to worry about a new press law because President Castello Branco seems "strangely allergic" to taking action in this area. He said

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that Castello Branco keeps resisting his (Campos's) urging for action and despite repeated provocations seems intent not to get involved in a struggle with the press.

5. Military Expenditures. Campos stated that 21.6% of the military expenditures to the Federal budget is very misleading. Basic factors affect this figure. In the first place, a very considerable amount of expenditures that are labeled "military" should fall under other parts of the budget, namely, road building, railroad construction, transportation, etc. If allowance is made for such economic expenditures, the percentage of the Federal budget would be reduced from 21.6% to between 13 and 18%.

In addition, the percentage of expenditures relate to the Federal budget and not to Federal expenditures. If one took account of all Federal government expenditures, the figure of percentages going into military (as currently defined) would be about 6-1/2%. Campos stated that earlier this percentage was over 8%, but that gradually it had been reduced. If, in addition, one looks at the economic, transportation, and social expenditures which are blocked under the heading of "military" the figure would be about 5-1/2%.

He feels that this is the proper percentage to look at in terms of Federal government expenditures. He pointed out, of course, that this does not include state and municipal expenditures. He feels the figure is still too high for Brazil.

JWTuthill:mls

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