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DEPARTMENT OF STATE

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HANDLING INDICATOR

TO : DEPARTMENT OF STATE

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DEPT PASS: DEFENSE AND CIA

INFO : Amembassy BRASILIA

FROM : Amembassy RIO DE JANEIRO

DATE: September 29, 1966

SUBJECT: Ambassador Tuthill's Memorandum of Conversation
with President Castello Branco

REF :

During the conversation, President Castello Branco expressed his views on the Summit meeting and its agenda, Costa e Silva's upcoming election, and his views on reducing the Brazilian military establishment. Highlights on this meeting were reported in RIO DE JANEIRO 3456.

TUTHILL

 Enclosure: att 70. m.
 Memorandum of Conversation

GROUP 3

 Downgraded at 12-year intervals,
 not automatically declassified.

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Drafted by:

AMB:JW Tuthill:mls 9/27/66

Contents and Classification Approved by:

The Ambassador

Clearances:

Action: ARA/SR - NAN - file

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MEMORANDUM OF CONVERSATION

DATE: September 23, 1966

SUBJECT: Views of President Castello Branco
PLACE: Laranjeiras Palace, Rio de Janeiro
PARTICIPANTS: President Humberto Castello Branco
Ambassador John W. Tuthill

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1. I spent about an hour with Castello Branco on late Friday, September 23. I had asked to see him before returning to the United States for consultations. No one else was present.
 2. Castello Branco opened the conversation by commenting about student unrest. He stated that "one knows the source of these disturbances." He stated that he had every intention to remain "very firm." He referred to the policeman who was shot and killed by a student in Goiás. He referred to one of the key "student" leaders as being 27 years old and indicated he felt he was not a student but a professional communist agitator.
 3. Castello Branco stated that he had read about my trips to São Paulo and the Northeast and asked for my impressions. I told him I was especially impressed by the determined and coherent planning in the SUDENE operation in the Northeast. Furthermore, not only SUDENE but all the people in the Northeast that I met were convinced that they could utilize effectively all the funds flowing into that area. They admitted that it had taken some time to get an industrial program going but seemed to be unanimous in the view that once started it would proceed apace.

I told Castello Branco I was particularly pleased to hear the statement by Rubens Costa, Superintendent of SUDENE. Costa had stated that the Brazilian people appreciated American aid. The Northeast was on the move. The Brazilian people and government are determined to continue the move toward development. They hope that they can do this with US aid, but with

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it or without it, they would continue. I told Castello Branco that that statement, instead of disturbing me, gave me great encouragement. The United States can be helpful on a marginal basis when a country is determined and organized to make a maximum self-help effort. The United States Government was not, however, able to do much -- or possibly anything -- if that was not the case. It was evident to me that the Northeast is in motion and that with American help it can move a bit faster and more effectively. This, I stated, was ideal from the point of view of the U.S. policy objectives.

4. I also told Castello Branco that I had heard a good bit about GERAN. From what I had heard it seemed fairly evident to me that GERAN objectives were the same as U.S. objectives. I told Castello Branco that we didn't yet know all the details of the plan, but that I was glad to know that the plan supported our agreed objectives. (Comment: I did not tell him that I had had luncheon on Thursday with the Minister of Agriculture and the President of the Sugar and Alcohol Institute, Mr. José Maria Nogueira. The Institute comes under the Department of Industry and Commerce. Mr. Nogueira had stated that the Ministry would not agree to GERAN until there was agreement that the head of GERAN would come from the Institute. Mr. Nogueira then proceeded to make an all-out statement in opposition to redistribution of any land to small farmers.)

Castello Branco listened with obvious interest to my enthusiastic report on the Northeast and then stated that he was "very reassured" to have my reaction. (Comment: I had the impression that Castello Branco must be getting advice against the SUDENE program or perhaps against the GERAN proposals, and I believe a little enthusiasm from an American observer may be helpful to him in holding to his course.)

5. In addition to Rubens Costa, Castello Branco stated that he understood I knew the Minister of Interior, Gonçalves de Souza. I said I did and was much impressed by him. He nodded full agreement.

6. Cuba. I told President Castello Branco the United States Government was very pleased to have the full, active cooperation with Brazil regarding Cuban trade credits and the Cuban search

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for fertilizer plants. I said that I personally was delighted to see Brazilian and American Ambassadors throughout Western Europe collaborating in this field. He nodded agreement.

7. Summit. He stated that he felt the Summit agenda should be simple and that the objectives should be limited and clear. He did not favor a large meeting with many advisors. He favored a genuine meeting of heads of states.

He agreed that the Alliance for Progress should be one of the major objectives and stressed particularly health and education under that category. I pointed out that the United States Government strongly favored agriculture as well. He agreed, but with a bit less enthusiasm than for the first two subjects. (Comment: On the evening of the same day, I dined with Costa e Silva, and talked about the AFP. Costa e Silva lectured me for about half an hour on the necessity of doing more in the field of agriculture. I told him he sounded like President Johnson. Warming up to the subject, he stated that there had been excessive emphasis in Brazil on industrialization. He was most unhappy about automotive production with resulting high prices, but it was not clear to me whether he intended to deal with this issue by a reduction of protection or by curbing the automobile manufacturers in some unspecified manner.)

8. Castello Branco mentioned that President Johnson had mentioned the possibility of limitation on armaments expenditures as a subject for the Summit. To my surprise (after hearing Pío Corrêa's comments, see RIO DE JANEIRO 2041), Castello Branco stated that he liked the idea. He stated that he favored a substantial reduction in the size of Brazil's military establishment. He favored instead a small establishment of increased mobility and increased quality. He wished to be able to lift a battalion with full equipment to Recife, presumably in one lift.

He stated that the objective of the Brazilian Navy is to protect Brazilian coastal waters. Other Navies (the U.S.) will have to do the protecting far at sea. The Air Force would have to help the Navy in this operation. The Navy, however, did not need planes. He commented that in the world today there are three major international forces: 1) the Church, 2) Communism, and 3) the Navies of the world.

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From Rio de Janeiro

He stated that much of the military equipment in Brazil could be scrapped or reduced. He mentioned artillery as an example. He stated he was tired of hearing about the "traditional military establishment." (Comment: I doubt if he has costed out his plans.)

10. Costa e Silva. I told Castello Branco that I had had one meeting with Costa e Silva and was planning to have a dinner for him and his wife that evening. I told him that after my first meeting I had instructed the Embassy press section to respond "no comment" to inquiries as to whether I was in touch with Costa e Silva. However, subsequently, entirely false reports had come out in the press about my impressions stemming from the first meeting. The newspapers had said I had been appalled by Costa e Silva and I had found the conversation "semi-licitious." I told Castello Branco that after reading these reports, I instructed the Embassy press section to respond -- whenever someone else raised the question of the U.S. relationship to Costa e Silva -- to the effect that I had met Costa e Silva; had found him very "simpatico"; that we had discussed a wide range of subjects on which I felt he had considerable knowledge and found that he is reading the life of John Kennedy for clues regarding his own political tactics.

I told Castello Branco that I felt, after the elections in October or possibly in November, perhaps it would be a good idea for me to offer to brief Costa e Silva on U.S. aid operations.

Castello Branco said he knew I had met Costa e Silva and that he was delighted that the relationship was developing. He encouraged developing it further. He suggested that, the next time I met with Costa e Silva, the Embassy simply issue a brief release to the effect that I had invited Marshal and Sra. Costa e Silva for dinner. He felt no other comment was needed and that such an announcement "would be good for our countries and good for Costa e Silva." (Comment: That evening at the Residence, I raised this point with Costa e Silva and repeated the conversation that I had with Castello Branco. Costa e Silva stated that he felt it would be a good idea if we removed the mystery from our meetings. I told him that I would instruct Jack Wyant, the Press Attaché, informally to advise various newspapers on Saturday morning, September 24, that my wife and I had had Marshal Costa e Silva and his wife, together with the Marshal's son and his wife and Lt. Col. and Mrs. Hernani d'Aguiar, at the Residence for dinner. This has been done.

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11. Roberto Campos. Once more -- as he has done before -- Castello Branco made a special point of praising Roberto Campos. He said he was one of Brazil's "leading statesmen." I concurred and pointed to his strong international reputation as well. (Comment: Castello Branco knows very well of my high regard for Roberto Campos. I suspect that he keeps making this point to me in order to encourage me at some appropriate moment to advise Costa e Silva of the United States Government's high regard for Roberto Campos -- and implying that he should stay on after March 15, 1967.)

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