

INCOMING TELEGRAM *Department of State*

45

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O R 101555Z DEC 66
FM AMEMBASSY RIO DE JANEIRO
TO RUEHC/SECSTATE WASHDC IMMEDIATE
RUFHOL/AMEMBASSY BONN
INFO ZEN/AMEMBASSY BRASILIA
RUESUP/AMCONSUL SAO PAULO
ZEN/AMCONSUL RECIFE
ZEN/AMCONSUL BELEM
ZEN/AMCONSUL BELO HORIZONTE
ZEN/AMCONSUL CURITIBA
ZEN/AMCONSUL PORTO ALEGRE
ZEN/AMCONSUL SALVADOR
STATE GRNC
BT

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LIMITED OFFICIAL USE RIO DE JANEIRO 6254

REF: RIO 6199

BONN FOR ASSISTANT SECRETARY GORDON

1. TRIBUNA DA IMPRENSA COLUMNIST JOAO DA SILVA (A THIN
DISGUISE FOR HELIO FERNANDES, CASSATED PUBLISHER OF PAPER)

PICKS UP IN DEC. 9 ARTICLE LACERDA ATTACK REPORTED REFTTEL,
REPEATING NEWSWEEK AND LIFE ITEMS AND ADDING FOLLOWING:
"AND NOW UNSUSPECTED NEW YORK TIMES SAYS TEXTUALLY 'HIGH
STATE DEPARTMENT SOURCES REPORTED THAT IN EVENT ROBERTO
CAMPOS IS NOT PART OF COSTA E SILVA CABINET, BRAZIL WILL NO
LONGER RECEIVE SINGLE CRUMB OF AID FROM U.S.' AS CAN BE
SEEN, TREATMENT NOW IS SAME AS OWNER TOWARDS SLAVE, CENTRAL
POWER TOWARD COLONY. HAVE THEY EVEN CAST ASIDE CEREMONY?"

2. IN DIFFERENT VEIN BUT IN SAME COLUMN, ASSISTANT SECRETARY
GORDON IS ALLEGED TO HAVE TOLD BRAZILIAN FRIEND "YOU IN
BRAZIL HAVE NOT YET GRASPED IMPORTANCE OF LISBON PACT
(I.E. BETWEEN LACERDA AND KUBITSCHKE). IT IS BY FAR MOST
IMPORTANT POLITICAL EVENT WHICH HAS OCCURRED IN BRAZIL IN
LAST 15 YEARS."

3. JORNAL DO BRASIL DEC 10 ARTICLE DATED LINE BRASILIA SAYS
"ELEMENTS CONNECTED WITH MARSHAL COSTA E SILVA", ALTHOUGH

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-2- RIO DE JANEIRO 6254, DECEMBER 10

DOUBTFUL NYT STORY ACCURATE, "CONSIDERED INADMISSIBLE THAT ECONOMIC ASSISTANCE OF U.S. OR INTERNATIONAL ORGANS TO FUTURE GOB BE CONDITIONED ON CAMPOS REMAINING IN PLANNING MINISTRY POST." STORY ADDS, "FOR FOLLOWERS OF COSTA E SILVA THERE IS

NOT SLIGHTEST POSSIBILITY OF FUTURE GOVERNMENT ACCEPTING THIS OR ANY OTHER IMPOSITION, FROM WHEREVER IT MIGHT COME. MARSHAL COSTA E SILVA'S DEFENDERS BELIEVE HE WILL TRY MAINTAIN BEST RELATIONS WITH INTERNATIONAL FINANCIAL ORGANS AND WITH AMERICAN GOVERNMENT, BUT WILL NOT YIELD TO IMPOSITIONS NOR ADMIT MEDDLING," AND NOTES VIRTUAL CERTAINTY CAMPOS WILL NOT BE KEPT ON. WHILE NYT STORY BELIEVED IN ERROR, ARTICLE CONCLUDES, COSTA E SILVA CAMP, SPEAKING HYPOTHETICALLY, CHARGED AS INADMISSIBLE MAKING ECONOMIC AID CONTINGENT ON RETAINING THIS OR THAT MINISTER.

4. ALTHOUGH AS NOTED REFTTEL, EMBASSY STILL FEELS NOT ADVISABLE RESPOND TO EACH AND EVERY PROVOCATORY ALLEGATION BY LACERDA OR TRIBUNA DA IMPRENSA, NYT ARTICLE IMPLIES BLATANT USG INTERFERENCE IN BRAZILIAN DOMESTIC AFFAIRS WHILE OTHER IS SUBTLE ATTEMPT TO PARLAY BRAZILIAN RESPECT FOR WELL-KNOWN USG OFFICIAL INTO PLUG FOR LACERDA, WHOSE POLITICAL STOCK HAS SUFFERED CONSIDERABLY AS RESULT HIS RECENT DEAL WITH KUBITSCHKE. ADDITIONAL PROBLEM FOR USG IS IRRITATION AND

SUSPICION WHICH NYT STORY MAY HAVE STIRRED UP IN COSTA E SILVA'S MIND, OF WHICH JORNAL DO BRAZIL ARTICLE MAY BE REFLECTION.

5. EMBASSY THEREFORE REQUESTS IN THIS CASE DEPARTMENT AND EMBASSY DENY BOTH STATEMENTS SINCE IF WE DENY ONLY ONE IT WOULD APPEAR GIVE CREDENCE TO OTHER. WE SUGGEST STATEMENT RE CAMPOS BE REFUTED BY DEPARTMENT SPOKESMAN STATING USG HAS FULL CONFIDENCE IN CABINET CHOICES TO BE MADE BY NEW PRESIDENT AND LOOKS FORWARD TO MAINTAINING SAME HARMONIOUS RELATIONS WITH COSTA E SILVA ADMINISTRATIONAS WITH CASTELLO BRANCO. FOR REMARK ATTRIBUTED TO GORDON, WE SUGGEST FLAT DENIAL BY EMBASSY QUOTING GORDON TO EFFECT THAT REMARK NEVER MADE.

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6. IN ORDER TO ANSWER EFFECTIVELY, OUR RELEASE AND DEPARTMENT'S COMMENT SHOULD BE MADE ON MONDAY DECEMBER 12 (FEW PAPERS PUBLISHED HERE ON MONDAYS). REQUEST DEPARTMENT'S APPROVAL ASAP AND, ASSUMING HIS CONCURRENCE, APPROPRIATE QUOTE FROM GORDON. GP-3.

TUTHILL

BT

NOTE: MESSAGE DELAYED IN TRANSMISSION.

NOTE: PASSED S/S-O, WHITE HOUSE, USIA AT 12:40 PM, 12/12/66.

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