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DEPARTMENT OF STATE

AIRGRAM

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TO : Department of State 1964 MAR 16 AM

FROM : AmEmbassy RIO DE JANEIRO

SUBJECT : Goulart's Partial Political Come-Back Since the State of Siege Episode.

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DEPARTMENT OF STATE
BUREAU OF
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MAR 18 1964
MAR 14 1964
DATE: March 6, 1964

This airgram attempts, against the background of the present political scene in Brazil, to describe the partial, and perhaps temporary, comeback that President Goulart has achieved since the state of siege episode last October, to show how this relatively improved position was achieved, and to indicate at least some of the possible uses to which Goulart may hope to put it. Chronological and factual background for this report may be found in the airgrams under reference and in the leading political items in the Embassy's Weekas since the state of siege affair.

This airgram discusses Goulart's partial and perhaps temporary political comeback since the state of siege episode last October, primarily in terms of Goulart's own efforts, motives, and possible intentions. This, we hope, may be a useful approach for the sake of clarity. Before embarking on the effort, however, a few words about the surrounding circumstances may be in order.

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From the state of siege episode several major facts of the present phase of Brazilian political life emerged, or at least--if they existed before the episode, which they probably did--were clarified in people's consciousness by the affair.

In the first place, any doubts that people may have had about Goulart's desire to acquire, legally or otherwise, powers beyond those presently granted by the Constitution were dispelled, and an increased wariness as to the intent of his maneuvers has persisted since that time.

In the second place, the state of siege episode brought home to Goulart the lesson that his labor union and military base of support was not sufficient for him to stage a coup on his own behalf--not at least without considerably more extensive and skillful preparation to divide his potential opponents and to neutralize the possibilities open to them of opposing him effectively.

Lastly, in the state of siege episode, and in Goulart's subsequent political survival despite the total fracasso (failure) of his plans at the time, it was brought home to most of Goulart's opposition that probably the only way in which he could be gotten rid of before 1966 was by being caught red-handed in some unusually flagrant and major violation of legality, i.e. more flagrant than the abortive attempt on Lacerda. Since such an act on Goulart's part is generally thought to be unlikely, most of the opposition has become reconciled to the thought that its best bet is to try to keep Goulart from foreclosing the political process here prior to the assumption of power by a legally elected successor.

Despite this factor, and despite the calmer atmosphere in Brazilian politics since October--at least in comparison with what went before--it should be recognized that substantial political (and even politico-military) opposition to Goulart still exists, as was illustrated in the rapid mobilization of opposition at the time of the Rio gas strike in mid-January. This factor imposes caution on Goulart, makes his maneuvering more complicated, and may, as it has in the past, make him back away from one or another initiative to which he is currently giving consideration or toward which he may be tentatively moving.

This need for caution on Goulart's part is an element of stability in the situation. So is the wide-spread hope on the part of the great majority of his opponents that 1966 can be reached within the bounds of legality and without lasting damage to the economy. Since October, however, there have emerged signs of increased radicalization of position on the part of groups which,

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while relatively small, may have sufficient capabilities to add a new element of instability to the situation.

There are for example many rumors, and some evidence, to suggest that in a number of rural areas landowners have acquired an increased determination to defend, if need be, themselves and their property. If Goulart signs the SUPRA decree declaring the expropriation of lands along federal highways, railways, etc., and if, as is not impossible, this encourages some rural agitators to step up their efforts to get peasants to occupy landowners' lands, there exists a possibility of increased violence in the countryside.

Similarly in the cities, or at least some of them, there would also appear to be an increased possibility of violence. Some of the extreme opposition groups, such as the MAC, appear more willing than in the past to indulge in "direct action", while claims of similar willingness--but little or no action to date--are being made by the extremist Brizolista left.

Another possibility of urban violence exists in the possible effects of Goulart's rather inflammatory campaign against shopkeepers charging "excessive" prices for consumers goods. The "hate" aspects of this campaign are new, at least in degree, to GOB efforts and could, intentionally or otherwise on Goulart's part, lead under some circumstances to urban disturbances. Regime propaganda regarding the need for "urban reform" is also quite inflammatory.

As we shall suggest below, incidents of both rural and urban violence might under some circumstances be used by Goulart as a new and convincing pretext for seeking extraordinary powers. Any substantial outbreak of violence in Brazil, however, would in our opinion introduce a new and substantial element of unpredictability into the situation.

The Present:

If the present phase of Brazil's political affairs can be characterized by any single word, that word is transitional. Goulart has largely recuperated from the major fracasso he suffered in the autumn of last year and is preparing his next major moves to increase his power, without, however, as yet having revealed--or perhaps decided upon--the exact nature of these moves.

Limiting ourselves to an examination of the period following the state of siege episode last October, when Goulart's room for maneuver, his political strength, and his public support were at an all-time low, he now appears to be having at least some success in projecting the public image of a man who combines the dual attributes of statemanship in international affairs and executive vigor in domestic affairs, who

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seems determined through his own efforts to become the "popular" (or Populist) leader of his people, and who, under the banner of reforms and regardless of opposition, is marching decisively ahead, leading his people out of economic "slavery" and towards the realization of their "legitimate aspirations".

The building of this image, which has been nurtured through a series of emotional and highly nationalistic speeches and interviews, complemented by real (although largely unimplemented) executive action in various fields, has both taken advantage of and fed upon the fact that, during the period, Goulart has been operating in the partial political vacuum which followed the siege episode and has been complemented by the virtual recess of the Congress during the period December 15-March 15.

One purpose behind Goulart's present efforts is undoubtedly that of illustrating to the people the "real" progress that can (or could) be achieved by the executive were it not hamstrung by a "do-nothing" Congress. Other motives are less clear. While we continue to believe that there is constantly at the forefront of Goulart's mind the intention (or desire) of finding some avenue whereby he could either extend his powers or modify the existing constitutional framework so that he could become a candidate to succeed himself, we cannot with confidence predict the exact steps through which he may hope to reach either of these objectives, nor do we have evidence to suggest that he is committed to any single course of action in this regard. What does seem clear, however, is that Goulart has regained a significant degree of initiative and is making a calculated effort to go somewhere.

The Recent Past:

How did Goulart arrive at this point? For one thing, he has in fact been operating in a partial political vacuum created primarily by the serious disruption of inter-party and inter-group political communications caused by the state of siege episode. For all practical purposes, Congress has not functioned since October 7. The split in the left has continued throughout the period, although an appearance of surface unity was achieved in December during the "Brizola for Finance" campaign. Labor, which viewed Goulart's state of siege actions with great suspicion, has been primarily concerned with building its strength vis-a-vis Goulart, or at least resisting Goulart's efforts to increase his own control in the field. The military was seriously embarrassed by the role in which the military ministers cast it in the affair and has withdrawn to an apparently reinforced position of "constitutional watchfulness". And the PSD has been primarily concerned with arriving at some formula whereby Goulart would give the official nod to the presidential candidacy of Juscelino Kubitschek, without at the same time having to make concessions to

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Goulart which would overly alienate the party's landowners or which might permit Goulart to perpetuate himself in power.

It was in these circumstances that Goulart began his efforts to rebuild the base of his political initiative and maneuver with his speech in Vitoria, Espirito Santo, on October 31, the purport of which was translated into a platform for political action in his November 20 interview in Manchete. Immediately after Congress ended its regular session, Goulart replaced his Minister of Finance and signed the oil import monopoly decree, the first of a series of "popular" measures which have punctuated his efforts during the past three months. What provided him with at least temporarily increased room in which he can maneuver, however, were the openings on the domestic front provided (fortuitously or otherwise) by San Tiago Dantas and SUPRA chief Joao Pinheiro Neto, and on the international front by Jorge Serpa. Whatever the personal motivations of these three men, they have provided Goulart with the means whereby to operate without the necessity of adopting "radical" positions (either in the sense of naming the threatened Brizolista cabinet or of turning his back on his labor-leftist base of support), and with enhanced authority (as far as the public is concerned) in both the internal and the external fields.

While Dantas' "minimum program" is no closer to--and may be farther from--political acceptance than it was a month ago, it offers Goulart at least two important openings: a) by (at least temporarily) widening the split between Brizola and the "gradualist" left, it is allowing Goulart to operate with what seems to be minimal regard for Brizolista extremism, and b) it provides Goulart with a programmatic document which, while not agreed upon by the political sectors involved, constitutes a ready-reference summary of measures which most sectors consulted by San Tiago can agree to in principle, without prejudice to action or inaction on their part. Most importantly, however, San Tiago's efforts have provided Goulart with an authoritative document which he can, and well may, use in the not too distant future as further (if not conclusive) evidence that even on measures such as those "agreed" upon in the document, effective action cannot be taken because of the intransigent opposition of a "non-representative" Congress.

SUPRA chief Pinheiro Neto, through his draft land expropriation decree, has provided Goulart with a weapon with which further to threaten Congress and the PSD, a measure to satisfy (at least partially) the left, and an instrument of not inconsiderable significance with which to build up pressure for reforms in the countryside and which, conceivably, could be used to provoke considerable rural unrest. Such unrest, coupled with labor and other unrest in urban areas, could provide the basis for another state of siege request or

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may be intended, in conjunction with other measures, to build to a boiling point pressures on Congress for legislation authorizing a referendum on reforms.

Such a referendum could conceivably even be hazarded by Goulart without Congressional permission on the theory that before any juridical finding had been made on the legality of the move, a reading on the "will of the people" would have been obtained that no one would dare to oppose. In any event, such a referendum would put Congress in the unenviable position of either having to acquiesce in Goulart's "reforms"--which would presumably include some mechanism for permitting the President to continue in power--or face a greatly increased threat of being closed.

The as yet unsigned SUPRA decree is also the major item in what might be called Goulart's "popular" series of decrees, e.g. those providing for "popular" shoes, "popular" textiles, "popular" pharmaceutical prices, etc. and measures now being undertaken in the food price and supply areas to prevent abuses of the "Law of the Popular Economy". What is publicly intended here has been expressed a number of times by administration aides, i.e. "to exhaust the areas of executive authority", after which further action would be said to depend on complementary Congressional action.

Also in the field of executive responsibility have been Goulart's recent "successes" in international affairs, the most important of which he has both misrepresented and claimed exaggerated credit for, i.e. Sete Quedas and debt rescheduling. Most significant for Goulart, however, has been the relative freedom of action in the internal field that these "successes" have allowed him.

The Future?

While the long-term effects of the internal measures so far adopted and/or forecast by Goulart could indeed be beneficial if implemented in a rational and equitable manner by technically qualified personnel, and with the genuine intention of bettering the lot of the common man without attempting unduly to change the social and economic structure of the nation, it is with the short-term effects on the immediate political situation that we are concerned here. In these terms, all such measures are couched in demagoguery, accompanied by threats against those who would prevent the "emancipation" of the people, and by the much reiterated complaint that the executive (i.e. Goulart) is doing all it can in the face of opposition (or at least inaction) by the "non-representative" "do-nothing" Congress. While the degree of real popular support that Goulart has so far derived from these measures is difficult to determine, his maneuvers in the direction of public opinion would seem to be tactically sound, and might arouse popular expectations to the point where

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they could later be converted with relative ease into at least tacit support for drastic action that Goulart might want to take against those he would claim, as he has claimed, are blocking the success of his program of popular welfare.

It would appear that Goulart, having regained at least temporarily much of the political capital that he lost during the state of siege episode (except for whatever trust was deposited in him at the time), has at least three major options as to courses of action open to him.

1) He could, and with prospects of success, continue his efforts in the executive sphere and obtain from Congress necessary, albeit moderate, complementary legislation, accepting the fact that Congress would not take any action in the direction of amending the constitution. In other words, he could govern.

2) He could, on the other hand, continue in his present vein, i.e. "legislating" by decree, continue to incorporate each successive measure into his patchwork banner of "reforms", and continue to wave this banner as a substitute for effective action in any field.

(and

3) He could try/his tactics suggest that this is in his mind) to use the "popular" measures he has adopted (and others which he threatens and/or intends to adopt) as devices with which to build pressure to the point where he would consider it "safe" to move towards an extension of his powers, whether this be a) through a popular referendum or some other measure whereby the people would be called upon to express their will, b) through allowing unrest to develop to the point that he could "justify" a new request for a state of siege, or c) in some other way.

Whether Goulart will actually attempt any such action towards the extension of his powers we cannot predict. But we are confident that his intentions lie in this direction. Whether or not they include any specific set of steps may be made clearer on March 13. On that date he is scheduled to "go to the people" in a mass meeting in Rio on a date a little over half-way between August 23, 1963, when he promised to return to Rio's Cinelandia one year later with "reforms" accomplished, and August 23, 1964, when he is due to make good his promise.

Resistances to the March 13 rally are building up and it is not beyond the bounds of possibility that it might be postponed or somehow transformed into a less provocative function than is now advertised.

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It is hard to assess the degree, if any, to which Goulart feels that he will have to achieve and consolidate increased power before long or find some of his present power beginning to slip through his fingers. A case can be made that he should feel that way. For if he cannot somehow extend his power, or at least become a candidate to succeed himself, those he depends on now to execute his political will may start hedging their bets by seeking to improve their relations with the men who might succeed him as the source of patronage and power.

For the Ambassador:

John Keppel
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