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A-41

NO.

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AIR POUCH

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TO : Department of State

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
SEP 8 1964

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RM/AN
ANALYSIS & DISTRIBUTION
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SEP 5 1964

FROM : Amembassy BRASILIA Office

DATE: September 2, 1964

SUBJECT : Amazonas Deputy's Views on Crisis in State

REF : Belem's A-5, Brasilia's A-34

This airgram transmits a Memorandum of Conversation with Amazonas Federal Deputy Leopoldo Peres (PSD), a Vice Leader in the party and a supporter of the State's present revolutionary Governor, Artur Reis. During the course of the conversation, Peres made the following points:

1) The federal government has found a workable balance of forces in its solution to the Amazonas crisis. Peres does not expect further problems between the Governor and the Legislature.

2) The "ghost municipalities" abolished by Governor Reis were originally contrived as a means of getting federal funds into the state since each municipality receives CR\$10 million yearly. Even though these municipalities are eliminated, the state government needs the CR\$2 billion the 219 municipalities brought in.

3) Governor Artur Reis now enjoys the support of 20 out of the 30 deputies in the State Assembly. He accomplished this by following General Mamede's advice to control the purse strings on the mayors who in turn control the state deputies.

GROUP 3

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4) Peres plans to run for Governor of Amazonas in 1966.

For the Ambassador:

Robert W. Dean

Robert W. Dean
Counselor of Embassy

Enclosure: *OH*

Memorandum of Conversation

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MEMORANDUM OF CONVERSATION

PARTICIPANTS: Deputy Leopoldo Peres (PSD-Amazonas)
Robert W. Dean, Counselor of Embassy
Robert B. Bentley, Political Officer

PLACE: American Embassy, Brasilia

DATE: August 26, 1964

SUBJECT: Amazonas Crisis

Deputy Leopoldo Peres is a young federal deputy serving his first term. Full of self confidence and energy, he was chosen as one of the Vice Leaders of the PSD. Peres is usually considered to be a member of the party's "Agresivo" left wing. He came to the Embassy inquiring about an official invitation to visit United States universities, especially in California and other areas of Spanish-Mexican background, where he would like to give a series of talks on the Amazon region. He said that Chamber President Mazzilli had promised him Congressional travel funds for such a trip provided the invitation were extended by the U.S. Government or U.S. universities.

The Amazonas Crisis. Peres said the solution given to the Amazonas crisis by the federal government was a workable balance between the forces in the state. Although he feels much more clean up work needs to be done, he thinks Governor Reis has made a good start and can carry out his program if he receives adequate federal support. In this regard, he discussed the 219 so-called "ghost municipalities" recently abolished by Governor Reis. Peres said they had been created as an act of desperation by former governors. The reason is--and he claims it is widely supported in Amazonas--every Brazilian municipality is entitled to a federal appropriation of CR\$10 million per year. The state thus got an additional CR\$2 billion a year from the central government. The state government used this device, which Peres

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admitted was a violation of national laws, to get the funds necessary to run Amazonas, with its tremendous area and small population. The obvious problem with the measure, Peres commented, was that the PTB governors used it to their own and to their political machines' advantage. Since Reis had abolished the municipalities at the President's request, Peres opined that the Governor would probably ask for an additional CR\$2 billion for the state when he met with Castello Branco during the week. (NOTE: It was reported in the press August 29 that Reis had asked Castello Branco for liberation of CR\$2 billion in appropriations "owed" to the state.) Peres said he would reinstitute the ghost municipalities if he were Governor and could not get federal funds otherwise.

Another interesting point Peres brought out is that the Amazonas Governor is now enjoying the support of 20 of the 30 state deputies. He has accomplished this by following the advice of General Mamede and working through the mayors, who hold the real political power in the municipalities. Peres illustrated this point with a description of politics in his own legislative base, Coari. Through a control of federal and state funds destined to the municipalities, Reis has been able to undercut the opposition of state deputies. For this reason also, Peres does not feel the Governor will face serious legislative opposition in the future.

Peres said the person who deserves the most credit for the solution to the crisis is General Jurandir Mamede, Commanding General of the 8th Military Region headquartered in Belem. General Mamede, Peres said, remained cool throughout the whole crisis and gave excellent advice and applied just the right pressures to the state and federal congressmen and to the Governor.

The main disturbing factor in the situation is ex-Governor Plinio Coelho, according to Peres. Peres thinks that there is a danger of Coelho becoming a martyr in the eyes of the people. For this reason he has not been captured and put on public trial. Peres thinks the Army knows where Coelho is hiding in Manaus but will "leave him in his self-imposed jail" unless his activities become too flagrant.

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Personal Ambitions. Peres said he plans to run for Governor in 1966--and expects to win. His younger brother, an economics professor at the University of Manaus, would run for Congress and be his spokesman there. Peres' first steps in this direction are an effort to become Reis' congressional spokesman, which he seemed to feel was all sewed up, and a bill he is sponsoring to make Manaus a free port for purposes of exportation of Amazon goods. With regard to the bill, Peres said it would put Manaus on a competitive basis with the Amazon towns of neighboring countries and would increase its income 100%. He argues that it will reduce contraband and help make the state self-supporting. Peres said if he were Governor he would promote a high-level international meeting in Manaus to form a sort of Amazonian Alliance for Progress to help finance exploration and development of the region. He would invite representatives from Colombia, Peru, Bolivia and even Venezuela to such a meeting.

After his term as governor (which he expects to win because the powerful political machine of ex-governors Coelho and Gilberto Mestrinho has been largely dismantled), Peres expects to serve an 8-year term as senator from Amazonas after which he states he will retire from public life to concentrate on private enterprise of benefit to the region. He is intensely interested in setting up a fishing industry based upon the abundant and constantly replenished supply of fresh water fish in the Amazon river system.

Unlike many of his colleagues, Peres does not want to leave the Amazon area for better climes and brighter lights. He was born on the Solimões River in Brazilian territory but not far from Leticia, Colombia. His family is of Spanish-American origin and he considers himself bi-lingual in Portuguese and Spanish. He knows little English. He is definitely one of the bright rising stars among Amazon politicians.

RBBentley
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