

Department of State

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FM AMEMBASSY RIO DE JANEIRO

TO SECSTATE WASHDC PRIORITY 5582

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

AMCONSUL RECIFE

USCINCSO

CONFIDENTIAL RIO DE JANEIRO 13997

SUBJECT: MARCIO MOREIRA ALVES CASE

Pol 15 Beg

REF: BRASILIA 3221

INEPT HANDLING OF MARCIO MOREIRA ALVES CASE HAS CREATED SERIOUS PROBLEMS FOR COSTA E SILVA GOVERNMENT VIS-A-VIS BOTH MILITARY AND ARENA PARTY (REFTEL). PRIMARILY RESPONSIBLE FOR LOSS OF GOVERNMENT PRESTIGE HAS BEEN CONTINUOUS VACILLATION, WITH GOVERNMENT APPEARING TO TAKE HANDS OFF ATTITUDE ONE DAY AND DETERMINED ACTIVIST POSTURE THE NEXTO JUSTICE MINISTER GAMA E SILVA BEING SINGLED OUT AS DRIVING FORCE BEHIND WHAT ONE DEPUTY HAS DESCRIBED AS GOVERNMENT'S "SIT DOWN, STAND UP" POSITION.

- 2. EMBASSY HAS SO FAR BEEN UNABLE TO PUT ITS FINGER ON SOURCE OF PRESSURE ON COSTA E SILVA. THOUGH ORIGINAL REQUEST FOR ACTION AGAINST ALVES CAME FROM MILITARY MINISTER,
 SENIOR ARMA CONTACTS IN RIO AND BRASILIA HAVE NOT DEMONSTRATED DEGREE OF ADAMANCY WHICH WOULD JUSTIFY TURMOIL OF RECENT DAYS.
 SOME OF RESPONSIBILITY CAN BE TRACED TO ZEALOUS POSITION TAKEN
 BY MIN JUSTICE AND CERTAIN HARD-LINE ARENA VICE LEADERS.
- 3. YESTERDAY COSTA E SILVA TOOK EXTRAORDINARY STEP OF SUMMONING THREE SERVICE MINISTERS AND FOREIGN MINISTER TO BRASILIA. AT MILITARY FUNCTION LAST NIGHT SPECULATION WAS

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RIFE AMONG BRAZILIAN GENERALS, BUT NONE ABLE TO SHED MUCH LIGHT ON PRESIDENT'S MOTIVES. DURING PAST TWO DAYS THERE CONSIDERABLE TALK OF INSTITUTIONAL ACT, AND CONVOCATION OF MILITARY MINISTERS COULD MEAN PRESIDENT INTENDS TO FOLLOW THROUGH ON HIS STATEMENT SATURDAY (BRASILIA 3224) WITH TOUGH MEASURES.

4. A MORE LIKELY THESIS, HOWEVER, IS THAT PRESIDENT INTENDS TO TAKE ACTION TO HEAL SERIOUS DIVISION IN ARENA WHICH COULD AFFECT 1970 SUCCESSION PICTURE. THIS PRESUMABLY WOULD REQUIRE SOME KIND OF TACTICAL ACCOMMODATION WITH ARENA DISSENTERS AND NECESSARY GROUNDWORK MUST BE LAID WITH MILITARY. THIS THEORY SUPPORTED BY FACT THAT PRESIDENT RECALLED ARENA PARTY PRESIDENT DANIEL KRIEGER TO BRASILIA AFTER KRIEGER HAD ANNOUNCED HIS INTENTION TO REMAIN IN RIO GRANDE DO SUL UNTIL JANUARY. KRIEGER, WHO HAS MADE CLEAR HIS OPPOSITION TO CASSATION PROCESS, IS THE POLITICIAN BEST ABLE TO HEAL WOULDS WITHIN ARENA.

5. DEBATE ON MARCIO MOREIRA ALVES CASE IN JUSTICE COMMISSION RESUMES TODAY. MDB APPEARS TO BE TAKING MORE MODERATE APPROACH IN EFFORT TO CAPITALIZE ON DIVISIONS WITHIN ARENA.

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