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INCOMING TELEGRAM *Department of State*

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FM AMEMBASSY RIODEJANEIRO

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INFO RUESUJZ/AMEMBASSY BRASILIA

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1. ONE OF CASTELLO BRANCO'S LAST PRESIDENTIAL APPEARANCES WAS SPEECH DELIVERED MARCH 13 TO OPENING SESSION ESCOLA SUPERIOR DA GUERRA (SUPERIOR WAR COLLEGE) ON SUBJECT NATIONAL SECURITY AND DEVELOPMENT. PRESIDENT USED OCCASION TO EXPOUND HIS PHILOSOPHY OF GOVERNMENT AND THE AIMS OF HIS ADMINISTRATION.

2. CASTELLO BRANCO EMPHASIZED THAT THE CONCEPT OF NATIONAL SECURITY HAS BEEN GREATLY EXPANDED AND NOW EMBRACES MORE THAN STRICTLY MILITARY DEFENSE AGAINST EXTERNAL AGGRESSION. IT NOW MEANS TOTAL DEFENSE OF GOVERNMENTAL INSTITUTIONS, INCLUDING

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THEIR PSYCHO-SOCIAL ASPECTS, THE PROTECTION OF DEVELOPMENT AND INTERNAL POLITICAL STABILITY. SECURITY ALSO CONSIDERS INTERNAL AGGRESSION, AND INFILTRATION OF SUBVERSIVE IDEOLOGIES AND GUERRILLA ACTIVITIES.

3. THROUGHOUT SPEECH PRESIDENT STRESSED DEVELOPMENT AND SECURITY ARE CLOSELY LINKED, THAT TRUE SECURITY DEPENDED ON ECONOMIC AND SOCIAL DEVELOPMENT AND THESE IN TURN REQUIRED AT LEAST A MINIMUM OF SECURITY AND INSTITUTIONAL STABILITY IN THE POLITICAL, ECONOMIC AND JURIDICAL FIELDS THAT WOULD GUARANTEE STABILITY TO CONTRACTS AND PROPERTY RIGHTS AND CONDITION THE LEVEL AND EFFICIENCY OF PRIVATE INVESTMENTS.

4. TURNING TO THE PROBLEM OF INFLATION, CASTELLO BRANCO REVIEWED RECENT HISTORY AND STATED THAT THERE WERE THREE POSSIBLE RESPONSES TO INFLATIONARY PRESSURES. TO ACCEPT IT

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AND TRY TO ADJUST, MASK ITS EFFECTS AND TRY TO CONTAIN IT BY PRICE CONTROLS AND RATIONING OR THE THIRD COURSE WHICH HE HAD TAKEN OF USING BUDGET AND FISCAL MEASURES TO RECONCILE CONFLICTING DEMANDS ON RESOURCES, THE RAISING OF TAXES, REDUCTION OF EXPENDITURES AND THE SHIFTING OF CONSUMPTION TO INVESTMENT. HE ALSO STATED THAT HE REMOVED EXCHANGE RESTRICTION AND FREED FOREIGN TRADE.

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5. IN INTERNATIONAL FIELD, CASTELLO BRANCO LINKED NATIONAL SECURITY TO INTER-DEPENDENCE OF THE NATIONS AND COLLECTIVE SECURITY. HE URGED CREATION OF AN INTER-AMERICAN PEACE FORCE STATING THAT IT WOULD NOT ONLY PREVENT UNILATERAL INTERVENTIONS BUT WOULD ALSO PROTECT AGAINST MISJUDGEMENTS OF EMPLOYING FORCE AGAINST REFORM GOVERNMENTS OF THE NON-COMMUNIST LEFT THAT WERE INTERESTED ONLY IN SOCIAL REFORM AND DO NOT CONSTITUTE A SUBVERSIVE OR AGGRESSIVE THREAT TO THEIR NEIGHBORS. PRESIDENT ADDED THAT ACCEPTANCE OF A SYSTEM COLLECTIVE SECURITY WOULD IN NO WAY INHIBIT BRAZIL'S ECONOMIC AND TRADING INDEPENDENCE NOR WOULD IT INTERFERE WITH ITS RIGHT TO DISCIPLINE THE FOREIGN CAPITAL BRAZIL WISHED TO RECEIVE FOR ITS DEVELOPMENT.

6. ON THE SUBJECT OF NATIONALISM THE PRESIDENT PRAISED IT AS A MEANS FOR MOBILIZING NATIONAL EFFORT BUT ADDED QUOTE WHEN IT IS MANIPULATED BY CERTAIN GROUPS TO ELIMINATE COMPETITION AND MAINTAIN THEIR MARKET POSITION, WHEN IT IS USED TO IMPEDE THE IMPORTATION OF FOREIGN TECHNOLOGY, WHEN IT IS USED TO KEEP MINERAL RESOURCES IMPRISONED IN THE EARTH WITH NO CAPITAL TO DEVELOP THEM, WHEN IT IS MANIPULATED BY THE LEFT TO IMPEDE THE STRENGTHENING OF THE CAPITALIST ECONOMIC SYSTEM AND EXTEND

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DEMOCRATIC INSTITUTIONS, THEN NATIONALISM BECOMES NEGATIVE NOT ONLY FROM THE VIEWPOINT OF ECONOMIC DEVELOPMENT, BUT ALSO OF NATIONAL SECURITY. UNQUOTE.

7. ON THE QUESTION OF CENTRAL POWER VS. FEDERALISM, THE ADVOCATED A FORM OF QUOTE COOPERATIVE FEDERALISM UNQUOTE WHICH WOULD ACKNOWLEDGE THE ADVANTAGES OF DECENTRALIZATION BUT RECOGNIZE THE NECESSITY OF CENTRAL PLANNING.

8. PRESIDENT CONCLUDED HIS SPEECH WITH A DISCUSSION OF NATIONAL SECURITY AND THE DEVELOPMENT OF A DEMOCRATIC SOCIETY. HE STRESSED THAT DEMOCRATIC SOCIETY MUST PROVIDE FOR FREE EXPRESSION

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OF DISSENT BUT INSISTED THAT THE AREA OF CONSENSUS MUST EXCEED THAT OF DISSENT. HE POINTED TO THE DANGER OF CONFUSING LIBERTY WITH INDISCIPLINE AND THE CONFUSION RESULTING WHEN QUOTE THE CAPACITY TO CLAIM RIGHTS, EXCEEDS THE CAPACITY TO ACCEPT DUTIES UNQUOTE. CASTELLO BRANCO SAID THAT QUOTE IN DEVELOPING COUNTRIES SUBJECT TO GREAT TENSIONS OF CHANGE, THE DEMOCRATIC SYSTEM IS EXPOSED TO SPECIAL DANGERS. IN MATURE INDUSTRIAL SOCIETIES, THERE IS NO GREAT GULF BETWEEN THE INTELLECTUAL IDENTIFICATION OF A PROBLEM AND THE CAPACITY TO SOLVE IT BY ECONOMIC MEASURES OR SOCIAL READJUSTMENTS. IN

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UNDERDEVELOPED SOCIETIES, ON THE OTHER HAND, THE DESIRE TO SOLVE SERIOUS PROBLEMS, EXCEEDS BY FAR THE KNOWLEDGE, TECHNIQUE, AND PRACTICAL ABILITY TO CHOOSE AND APPLY ADEQUATE SOLUTIONS UNQUOTE. THIS SITUATION PROVIDES THE OPPORTUNITY TO DEMAGOGS WITH MAGIC SOLUTIONS AND EXTREMISTS WHO SIMILIFY THE PROBLEM.

9. AT THE END OF HIS SPEECH, CASTELLO BRANCO SAID THAT ETHE ESCOLA SUPERIOR DA GUERRA HAD A GREAT MISSION TO FACILITATE THE TASK OF GOVERNMENT. THIS MISSION IS TO FORMULATE BY THE JOINT APPLICATION OF CIVILIAN AND MILITARY TALENT A COHERENT AND PERMANENT DOCTRINE OF NATIONAL SECURITY. TUTHILL
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