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44 ACTION ARA 20

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R 191920Z SEP 69 FM AMCONSUL RECIFE TO SECSTATE WASHDC 2792 INFO AMEMBASSY RIO DE JANEIRO AMEMBASSY BRASILIA AMCONSUL SAO PAULO

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CORRECTED - COPY (PARA 1)

RIO POUCH OTHER BRAZILIAN POSTS

SUBJECT : TENSION MOUNTS IN PERNAMBUCO

REF RECIFE 946 (NOTAL): RECIFE A-85: HBC 1002

1 SUMMARY: TENSION RESULTING FROM INCREASED MILITARY PRESSURES IS MOUNTING IN PERNAMBUCO AND SEVERAL OTHER STATES OF NEL EVIDENCE OF PRESSURE INCLUDES MILITARY EFFORTS TO SECURE DISMISSAL OF CABINET OFFICIALS IN SEVERAL STATES: ARRESTS OF RURAL LABOR LEADERS AND OPPOSITION POLITICIANS IN PERNAMBUCO: AND HIGHWAY SEARCHES OF VEHICLES BY MILITARY PERSONNEL POLITICIANS ARE DEMORALIZED AND BUSINESSMEN INCREASINGLY CONCERNED BY ADVERSE EFFECTS OF UNSETTLED SUCCESSION QUESTION. SOME, INCLUDING SOURCES CLOSE TO GOVERNOR COELHO, ATTRIBUTE DETERIORATION TO LACK OF LEADERSHIP BY GENERAL MALAN, AND HOPE CHANGE OF COMMAND

ON SEPT. 23 WILL IMPROVE SITUATION

2. INCREASED MILITARY PRESSURES HERE DURING PAST TEN DAYS HAVE CONTRIBUTED TO AIR OF TENSION. EVIDENCE OF MOUNTING PRESSURES

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INCLUDE:

A) CONTINUING PRESSURE AGAINST NUMBER OF NE GOVERNORS, INCLUDING COELHO IN PERNAMBUCO, VIANA IN BAHIA, AND AGRIPINO IN PARAIBA. SOURCES CLOSE TO GOVERNOR COELHO REPORT THAT ALL THREE EXECUTIVES BEING PRESSED BY LOCAL MILITARY TO DISMISS MEMBERS OF THEIR CABINETS CONSIDERED BY MILITARY TO BE SUBVERSIVE. ONLY CHANGES WHICH HAVE SO FAR TAKEN PLACE ARE IN PERNAMBUCO WHERE PUBLIC SECURITY SECRETARY REPLACED, QFD BAHIA, WHERE NEW MINES AND ENERGY SECRETARY NAMED FOLLOWING CASSATION OF INCUMBENT LAST WEEK . MILITARY REPORTEDLY CONTINUING TO PRESS COELHO AND RUMORS RIFE THAT HIS RESIGNATION IMINENT.

B) OVER PAST WEEKEND, ARREST OF NUMEROUS RURAL LABOR LEADERS

IN INTERIOR MUNICIPALITIES OF RIBEIRAD, CABO, AND PALMARES. FEAR PRODUCED BY ARBITRARY ARRESTS HAVE REPORTEDLY ALREADY RESULTED IN RESIGNATION OF SEVERAL TRADE UNION OFFICERS. SITUATION IN RIBEIRAO LED TO FORMAL PROTEST ON SEPT 15 FROM PERNAMBUCO FEDERATION OF RURAL WORKERS TO NEWLY APPOINTED SECRETARY OF PUBLIC SECURITY.

- C) ARRESTS OF SEVERAL OPPOSITION POLITICAL LEADERS IN RECIFE, INCLUDING THREE MOB MUNICIPAL COUNCILMEN. ONE OF THREE IS JOAD BOSCO TENORIO WHO PREVIOUSLY BEING PROCESSED FOR ALLEGED VIOLATIONS OF NATIONAL SECURITY LAW DURING STUDENT DAYS.
- DI MILITARY ROAD BLOCKS ON PRINCIPAL INTERSTATE HIGHWAYS DURING PAST WEEKEND. CARS TRAVELING BETWEEN RECIFA AND INTERIOR SEARCHED AT CHECK POINTS. NUMBER OF SMALL ARMS, MOSTLY SAID TO BELONG TO RURAL LANDOWNERS REPORTEDLY PICKED UP . OPERATION LATER EXPLAINED AS "ROUTINE TRAINING EXERCISE."
- 3. LOCAL POLITICIANS OF BOTH PARTIES ARE HIGHLY DEMORALIZED. BOTH PARTIES CONTINUE TO GO THROUGH MOTIONS OF PARTY REORGANI-ZATION WITH OBVIOUS LACK OF ENTHUSIASM. SEVERAL MEMBERS ARENA STATE DIRECTORATE IN PERNAMBUCO, INCLUDING PARTY'S SECRETARY-GENERAL MARCO ANTONIO MARCIEL, HAVE INFORMED CONGEN OF INTENTIONS TO RETIRE WHEN TERMS EXPIRE ON OCT. 1.
- 4. SOURCES: IN BUSINESS COMMUNITY WHO GENERALLY FAVORABLE TO MILITARY HAVE EXPRESSED TO CONGEN OFFICERS THEIR CONCERN AT

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EXTENDED PERIOD OF UNCERTAINTY OWING TO PRESIDENTIAL SUCCESSION PROBLEM. PREVIOUSLY EXISTING LOW STATE BUSINESS ACTIVITY HAS DECLINED FURTHER AND SMALL DEPOSITORS WITHDRAWING FUNDS REPORTEDLY BECAUSE OF APPREHENSION AT EVENTS. NEW INVESTMENT PLANNING SAID TO BE IN SUSPENSE. GOVERNOR COELHO TOLD US EARLIER IN WEEK THAT STATE ADMINISTRATIVE ACTIVITIES AT STANDSTILL DUE TO SITUATION.

50 FOREGOING ALL COMBINE TO GIVE IMPRESSION THAT SIGNIFICANT FURTHER CHANGES IN PERNAMBUCO AND PERHAPS OTHER STATES MAY BE IN OFFING. NUMBER OF CONGEN SOURCES ATTRIBUTE WHAT THEY CONSIDER TO BE RECENT DETERIORATION IN SITUATION IN PERNAMBUCO TO THE APPARANT ABDICATION OF COMMAND RESPONSIBILITIES BY GENERAL MALAN WHO PREOCCUPIED BY NATIONAL EVENTS AND LOOKING TO NEW ASSIGNMENT IN SOUTH . THESE SOURCES, INCLUDING SOME CLOSE TO GOVERNOR, ARE HOPEFUL THAT FOURTH ARMY CHANGE OF COMMAND, WHICH HAS NOW BEEN ADVANCED TO SEPT 23, WILL IMPROVE SITUATION. GP=3. MELTON

NOTE: OFSY PLEASE TREAT AS ORIGINAL MESSAGE.

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