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TO : Department of State

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BUREAU OF
INTER-AMERICAN AFFAIRS
JAN 14 1969

INFO: RIO DE JANEIRO, BRASILIA AND RECIFE

JAN 13 7 14 PM 1969

RS/AN
ANALYSIS BRANCH

FROM : Amconsulate SALVADOR

DATE: January 7, 1969

SUBJECT : Political Situation in Bahia

REF : ----

The preoccupation of officials responsible for the state administration has perceptibly shifted from the political area to the economic in the last week. The various fiscal measures announced by the federal government, especially those affecting the circulation tax and state and municipal sharing of the federal participation fund, are regarded with apprehension in local circles. According to preliminary studies, Bahia stands to lose about NCr\$100 million per year which would severely curtail the state's administrative programs and adversely affect its industrial expansion. The governor has announced a freeze on all civil personnel hirings and his cabinet is engaged in an urgent review of programs that might be abolished or trimmed to meet anticipated budgetary reductions.

Arrests

The increased pace of political arrests predicted for early January have not yet materialized. To the contrary, it begins to appear that a far reaching political purge will not occur in Bahia. According to a reliable source, only State Deputy Marcelo Duarte (MDB) is still in custody. Federal Deputy Mario Piva (MDB) was released January 4 (reference A-28). State Deputy Gabino Kruschewski (MDB) was reportedly given a clean slate and has come out of hiding (reference A-26). Three arrests not previously reported: Juarez Paraiso, Professor of Fine Arts at the University of Bahia and organizer of the Biennial Art Show which has been closed to the public since December 21 (reference A-28); Riolan Coutinho, also associated with the Art Show; and Luis Henrique Dias Tavares, Director of

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FORM 4-62 DS-323

Drafted by: HRB:nd:ao

Contents and Classification Approved by:

Clearances: *HRB*

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the Cultural Department of the Secretariat of Education.

On December 18 our public safety advisor was told by the Secretary of Public Safety of Sergipe that 13 persons had been arrested in that state for alleged subversive activity. The Secretary for the State of Alagoas told him that no arrests were contemplated in that state.

Unlike the above arrests on political grounds, all local newspapers published news of the arrests last week-end of nine Salvador butchers who were selling meat above control prices. The reportage made it clear that these sanctions were being applied under the authority of AI-5 and that the Regional Delegate of SUNAB was supported in his action by the Commander of the 6th Military Region.

Censorship

The Diarios Associados newspapers in Bahia have not been subjected to physical (someone on the premises) censorship because they have adopted the position of defenders of IA-5. A DN editorial of January 6 takes foreign newspapers to task for inaccurately portraying what has happened in Brazil and surmises that such reporting has influenced the Department of State to re-examine the U.S. AID program to Brazil. Jornal da Bahia did not suffer physical censorship in the beginning, but is now subject to it. The paper has done the best job of all in subtly resisting IA-5. A Tarde has intermittent physical censorship and is still not publishing editorials. Yesterday the paper announced the release from arrest of Mario Piva as a test of the rigidity of censorship. This was the first time news of Piva's arrest had reached the public.

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