

AIRGRAM

POL 51 BRAZ
FOR RM USE ONLY

ARA-10		
RM/R	REP	AF
1		
ARA	EUR	FE
NEA	CU	INR
		5
E	P	IO
	2	
L	FBO	AID
		9
	SPS	5
		10
AGR	COM	FRB
INT	LAB	TAR
TR	XMB	AIR
		5
ARMY	CIA	NAVY
3	20	5
OSD	USIA	NSA
34	10	3
		NSA
		6

A-115
NO.

LIMITED OFFICIAL USE

AIR POUCH
HANDLING INDICATOR

TO : Department of State

INFO : BELEM, BELO HORIZONTE, CURITIBA, PORTO ALEGRE, RECIFE, SALVADOR, SAO PAULO, RIO DE JANEIRO

FROM : AmEmbassy Office BRASILIA

SUBJECT : Advisors of Castello Branco Reported ~~Diary~~ with Costa e Silva Government

REF :

RECEIVED
DEPARTMENT OF STATE

RS/AN
ANALYSIS BRANCH
DEPARTMENT OF STATE

DATE: December 15, 1967

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS

DEC 21 1967

- Attached as an enclosure is a report from the American Embassy, Rio de Janeiro, analyzing and commenting on a Jornal do Brasil article which portrays the ex-advisors of the late President Castello Branco as being satisfied with most of the policies of the Costa e Silva administration and with the military-civilian relationship therein.
- The article is significant because (as the author of the enclosure notes) its tone and content suggest that it probably was based on a conversation with Roberto Campos and possibly Otavio Bulhões, Castello Branco's Ministers of Planning and of Finance.

BELTON

Enclosure: As Stated.

Exempted from Automatic Decontrol

LIMITED OFFICIAL USE

FOR DEPT. USE ONLY
 In Out

FORM 4-62 DS-323

Drafted by: Rio de Janeiro:POL:RBash:drw:12/1/67

Contents and Classification Approved by: Robert H. Shields

Clearances:

Action: ARA/SR - NAN - File

DECLASSIFIED
Authority NND 969000

1967 DEC 18 PM 2 49

COPYFILE-PDR

LIMITED OFFICIAL USE

~~Handwritten mark~~
encl.
A-115
BRASILIA

TO: AmEmbassy Office - BRASILIA
FROM: American Embassy - RIO DE JANEIRO

BEGIN UNCLASSIFIED

1. An article in the Jornal do Brasil of November 21 reports that ex-advisors (unnamed) of Castello Branco are happy with the policies of the new government. It is claimed that the initial attempts on the part of the Costa e Silva administration to develop and follow new policies designed to gain popularity had undesirable results, and a revision of the administration's attempt to "humanize" the government was necessary.
2. The present nuclear policy of the Government of Brazil is the only area in which a difference of opinion is said to exist, and according to the article, even this seems to be undergoing re-examination. The existence and execution of an autonomous nuclear policy, such as was launched by the Costa e Silva administration, is criticized for being: (1) contrary to the opinions of the most qualified military commanders and technicians, (2) a luxury that Brazil cannot afford, and (3) conducive to the undesirable dissemination of nuclear weapons.
3. Current economic and financial policies are applauded for giving continuity to programs initiated by the Castello Branco administration. Any alteration in the wage policy is said to run the risk of bringing on inflation with its inevitable repercussions in the political, social and economic processes.
4. Although the military dominate the political process, the article maintains that they are curbed, to a degree, by civilian power. The military are seen as better equipped to deal with technological change and more capable of executing austere policies required by Brazil than

^{RB}
DRAFTED BY: POL:RBash;lsa (December 1, 1967) Clearances: POL - H. Midkiff ^{HR}
EXEC - F. Car ^{DCI}
DCM - W. Belton ^W

LIMITED OFFICIAL USE

DECLASSIFIED
Authority NND 969000

LIMITED OFFICIAL USE

~~well~~
Page 2 of A-376
Rio de Janeiro
December 1, 1967

well
A-115
Brazil

the malleable traditional politicians versed in law and the arts.

5. The likelihood of serious economic difficulties in early 1968 is acknowledged, but Carlos Lacerda's prediction that the present government will not be able to resolve the problems is denied by the unnamed sources of the article. END UNCLASSIFIED

BEGIN LIMITED OFFICIAL USE

6. COMMENT: The content and tone of the article indicate that the article was probably based on a conversation with Roberto Campos and possibly Otavio Bulhões, Castello Branco's Ministers of Planning and of Finance. An Embassy officer was informed that the article was a result of a conversation between Sette Camara of the Jornal do Brazil and Roberto Campos. The remarks concerning the state of the economy and the economic and financial policies of the Costa e Silva administration parallel, to a degree, statements made by Campos in a conversation with Ambassador Tuthill and Jack Valente (reported Rio 3269, 13 November 1967). The assessment of the performance of the Costa e Silva administration as presented in the article is in general agreement with the Embassies views as reported in Rio's A-322, November 7, 1967 entitled "The Costa e Silva Administration: A General Assessment."

7. It is significant that Roberto Campos, who so violently attacked the Costa e Silva administration during its early phase, has come around to making semi-public statements in support of the economic and financial activities of the current government. In an article published under his name in the November 28 issue of O Globo, for which he writes periodically, Campos dealt again with the military in politics. He said that the economic and financial distortions brought about by the Kubitschek regime would require a long period of "unpopularity" and self-discipline. The inference left by both articles is that Campos favors military dominance in the Government of Brazil for, at least, the period of the country's economic and financial convalescence. END LIMITED OFFICIAL USE

TUTHILL

LIMITED OFFICIAL USE

DECLASSIFIED

Authority WNO 969000