Department of State PO 15-7 BRAZ TELEGRAM

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P R 5-42006 Z \text { JAN } 68
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FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC PRIORITY 653
INFO AMEMBASSY RIO DE JANEIRO 785
AMCONSUL SAO PAULO 279
AMCONSUL RECIFE 107

LIMITED OFFICIAL USE BRASILIA 1769
RIO POUCH OTHER CONSULATES
SUBJ: CHURCH-STATE DEVELOPMENTS: PRESIDENT MEETS WITH ARČHBISHOP PROBLEMS IN NORTHEAST

1. PRESIDENT COSTA E SILVA MET JAN 18 IN RIO WITH ARCHEISHOP AVELOR BRANDAO, WHO ACTING AS REPRESENTATIVE
OF NATIONAL BISHOPS CONFERENCॅE. AFTERWARDS, BRANDAO ISSUED STATEMENT SAYING MEETING EXCELLENT AND COVERED WIDE RANGE OF SUBJECTS. SAID HE RECOMMENDED TO PRESIDENT

PAGE 2 RUESUZ 1769 C O NF I DENT I A L LIMITED OFFICIAL USE FORMATION SPECIAL GOVT COMMISSION TO EXAMINE PAPAL ENCYCLICALS AND OTHER CHURCH STUDIES ON LATIN AMERICAN DEVELOPMENT WITH VIEW TOWARD INCORPORĀTING INTO GOVT PROGRAMS PRINCIPLES STATED THEREIN. ALSO SÄID WOULD RECOMMEND CREATION COMMITTEE BY BISHOPS CONFERENCE FOR EXCHANGE OF OPINIONS WITH GOVERNMENTAL


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COUNTERPART. DECLARED CHURCH DID NOT WANT INTERFERE WITH ADMINISTRATION PROGRAMS BUT RATHER INTERFRET "SIGNS OF

TIMES* AND CONTRIBUTE TO "HARMONIOUS DEVELOPMENT•" STATED HE AND PRESIDENT HAD AGREED THAT BISHOPS CONFERENCE AND CIVILIAN AND MILITARY AUTHORITIES WOULD TRY "ESTABLISH CONTACY WHEN DIFFICULTIES AROSE.

2० IN SEPARATE BUT RELATED DEVELOPMENT, RECENT PRESS STORIES RE MISUSE BY NORTHEASTERN CHURCHMEN OF

FUNDS DONATED TO CHURCH BECOMING CAUSE CELERRE IN NORTHEAST AND ATTRACTING NATIONAL ATTENTION. THOSE INVOLVED EVIDENTLY LOANED CHURCH MONEY AT HIGH INTEREST TO RERNAMBUCO "BUSINESSMAN" WHO ABSCONDED。 ACCORDING CONSULATE RECIFE SOME POLITICIANS USING ISSUE TO ATTACK

PAGE 3 RUESUZ 1769 C O N F I D E T I A L LIMITED OFFICIAL USE CHURCH PROGRESSIVES FOR HYPROCRISY. CONSULATE ALSO REPORTS THERE GENERAL BELIEF THAT ALLEGATIONS PROBABLY TRUE BUT PREDICTS THAT DEMAGOGIC EXPLOITATION BY ULTRA $=$
CONSERVATIVE PRESS AND POLITICAL ELEMENTS WILL BOOMERANG BY GENERATING PUBLIC SYMPATHY FOR CHURCHMEN INVOLVED.

30 AFTER MEETING PRIVATELY IN RECIFE JAN 18 : FIFTEEN NORTHEASTERN BISHOPS. HEADED RY DOM HELDER CAMARAQ ISSUED NOTE SAYING FACTS OF CASE BEING DISTORTED AS PART OF CAMPAIGN TO "INTIMIDATE" CHURCH IN ITS DEFENSE OF JUSTICE AND SOCIAL REFORM. DAY EARLIER, OTHER NORTHEASTERN Q 2 SHOPS ISSUED STRONGLY WORDED STATEMENT IN FORTALEZA ON ECONOMIC DEVELOPMENT IN NORTHEAST WHICH DENOUNCED "SLAVVERY" IN AREA AND AFFIRMED BISHOPS. DETERMINATION STRUGGLE FOR SOCIIAL JUSTICE DESFITE RISKS。
4. COMMENT: PRESIDENT'S MEETING WITH ARIHBISHOP

WAS POSITIVE STEP TOWARD RESOLUTION RECENT CHURCH=ADMINISTRATION
DIFFICULTIES. APPARENTLY LAYING GROUNDWORK FOR

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HANDLING SUCH ABRASIVE INCIDENTS IN FUTURE。 ON OTHER

PAGE 4 RUESUZ 1769 C O N F I D E N I A L LIMITED OFFICIAL USE HAND。 NORTHEASTERN BISHOPS STATEMENTS POINT UP UNDERLYING

FERMENT IN CHURCH=ADMINISTRATION RELATIONS AND DEMONSTRATE THERE AMPLE AREAS POTENTIAL CONFLICT.

GPo3. TUTHILL

