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INCOMING TELEGRAM

Department of State

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1963 OCT 1 PM 6 55

ACTION PRIORITY DEPT 708 INFO PRIORITY POLAD/USCINCSO 66 FROM
RIO OCTOBER 1 6PM

FOR DEPARTMENT'S INFORMATION FOLLOWING IS SUBSTANCE SEPTEMBER
30 ANALYSIS OF SITUATION DONE BY EMBASSY OFFICE BRASILIA:

SINCE NEITHER SERGEANTS REVOLT NOR BIVILACQUA CONTROVERSY
APPEAR TO HAVE BEEN INSTIGATED BY GOULART, IT IS WORTHWHILE
EXAMINE WHAT HAS HAPPENED HIS POSITION AND CERTAIN RELATIONSHIPS
IN ADMINISTRATION.

VARIOUS PRESS [REDACTED] SOURCES REPORTED DURING AUGUST THAT
BRIZOLA AND COMMUNISTS BECOMING INCREASINGLY DISILLUSIONED
CFN 708 66 1 6PM 30

PAGE TWO RUESUA 29 S E C R E T
GOULART. AUGUST 27 BRASILIA RIOT, POSSIBLY INSPIRED BY
RADICAL LEFT GROUPS, FOLLOWED BY SERGEANTS MUTINY WHICH MAY
HAVE BEEN SPONTANEOUS BUT WHICH RECEIVED AT LEAST POST FACTO
COVER FROM FPN AND CGT, IN TURN FOLLOWED BY CGT-LED STRIKE
AND RECENT UNE-LED FORTALEZA RIOTS. OUR OPINION THAT WHILE
THESE EVENTS MAY NOT SIGNIFY NATION-WIDE CONSPIRACY, THEY
AT LEAST REFLECT DECREASING PATIENCE WITH AND CONFIDENCE IN
GOULART ADMINISTRATION ON PART ALMOST ALL FACTIONS EXTREME
LEFT.

AT SAME TIME, GOULART'S POSITION HAS SUFFERED EROSION AMONG
FORMER SUPPORTERS OF CENTER AND RIGHT AS EVIDENCED BY AUGUST
21 CAUCUS PSD AND BEVILACQUA'S STATEMENTS. WHILE PSD STILL
WILL NOT SUPPORT SMOLDERING IMPEACHMENT DREAMS OF ADP,
GOULART CANNOT DEPEND ON THIS ELEMENT HIS SUPPORT ANY MORE THAN
HE CAN DEPEND ON HIS FORMER ALLIES OF EXTREME LEFT.

SECRET

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No Additional material released
as a result of this review

SANITIZED
EO. 12958, Sec. 3.6
NLK-03-140
by MAD NARA Date 1/04

SECRET

-2-, 708, OCTOBER 1, 6 P.M., FROM RIO DE JANEIRO

JAIR DANTAS HAS EMERGED FROM THESE EVENTS AS STRONG MAN, AND THEREFORE PROBABLY HAS MARKED HIMSELF FOR GOULART'S "GET RID OF" LIST. AT THIS TIME, HOWEVER, GOULART LACKS SUPPORT PSD AND MILITARY FOR DISMISSAL JAIR, AND POLITICIANS HERE THINK DEFIANCE OF JAIR AND MILITARY COULD LEAD TO GOULART'S REMOVAL. CFN 27 21

PAGE THREE RUESUA 29 S E C R E T
INSTEAD, JAIR MAY PLAY INCREASINGLY INFLUENTIAL ROLE, AND GOULART MAY FIND CLOSE CONSULTATION WITH MILITARY MORE NECESSARY IN FUTURE.

[REDACTED] OTHER SOURCES HAVE SPOKEN EARLIER OF A PARTIAL RESHUFFLING OF MINISTRY IN OCTOBER, BUT GOULART COULD PROBABLY MAKE NO SIGNIFICANT IMPROVEMENT HIS PARLIAMENTARY POSITION BY CABINET RESHUFFLE. PSD MEN NOW IN CABINET ARE PROBABLY BEST HE CAN GET FROM STANDPOINT PARTY INFLUENCE, AND ANY SHIFT TOWARD LEFT LIKELY ENCOUNTER MILITARY VERO. WHILE GOULART HAS ALSO USED CABINET SHUFFLES IN PAST TO MAKE POLITICAL EXECUTION PALATABLE (AS OSVINO ALVES, ALMINO AFONSO, SAN TIAGO DANTAS, KRUEL IN JUNE-JULY SHUFFLE), HE PROBABLY COULD NOT GET AWAY WITH ANY SIGNIFICANT ALTERATION BALANCE OF POWER TODAY.

LACERDA'S SILENCE HAS BEEN ALMOST DEAFENING. HE MAY FEEL HE HAS LITTLE TO GAIN FROM GOULART'S BEING EASED OUT BY JAIR, SINCE JAIR'S DISTASTE FOR LACERDA EXTREMELY STRONG. WITH ANY PROVOCATION IN A DETERIORATING SITUATION, JAIR WOULD BE AS LIKELY JAIL LACERDA (A LA HELIO FERNANDES) AS HE WOULD CGT LEADER. FURTHER, LACERDA KNOWS GOULART HAS BEEN ABLE THUS FAR MAINTAIN MUCH OF JAIR'S LOYALTY BY INVOKING SPECTRE OF LACERDA.

PAGE FOUR RUESUA 29 S E C R E T
CONGRESS ROLE THIS CRISIS APPEARS DIMINISHED VIS-A-VIS CRISES OF 1961 AND 62. THEN THE CENTER OF CRISIS ACTIVITY WAS BRASILIA AND CONGRESS. CRISIS THIS TIME SENT PRINCIPAL PERFORMERS SCURRYING TO RIO. THIS PARTLY RESULT MILITARY-LABOR NATURE OF CRISIS, PARTLY POOR PUBLIC IMAGE CONGRESS, WHICH GIVES APPEARANCE APATHY AND INABILITY MEET NATION'S PROBLEMS.

SECRET

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-3-, 708, OCTOBER 1, 6 P.M., FROM RIO DE JANEIRO

RIO COMMENT: GENERAL BALANCE OF FORCES IS IN OUR VIEW CORRECTLY DESCRIBED BY BRASILIA. ON OTHER HAND SITUATION AS IT IS DEVELOPING SEEMS INVOLVE SERIOUS THREATS FOR SEVERAL OF PARTICIPATING SIDES: CGT THAT ANTI-STRIKE ORDINANCES MAY BE INVOKED; ORTHODOS COMMUNO-NATIONALISTS THAT LEFT-WING EXTREMISTS MAY UPSET SITUATION IN WAY PROVOKING ACTION AGAINST BOTH WINGS OF MOVEMENT; GOULART THAT HIS POSITION MAY BECOME WHOLLY UNTENABLE; ETC. INDEPENDENT AND UNPREDICTABLE INFLUENCES SUCH AS BEVILAQUA, ADHEMAR AND LACERDA EXIST. OTHER FORCES, SUCH AS CONFEDERATION OF COMMERCAIL ASSOCIATIONS (CEMBTEL 703) ARE ALSO ENTERING SCENE AND ACTING INDEPENDENTLY. THUS WHILE BALANCE EXISTS IT IS HIGHLY UNSTABLE ONE AND MIGHT BE ALTERED BY ACTION ON ALMOST ANYONE'S PART.
CFN 1961 62 703

PAGE FIVE RUESUA 29 S E C R E T

WE ARE ALSO SOMEWHAT LESS SURE THAT BRASILIA THAT MOVE TOWARD LEFT IN CABINET RESHUFFLE WOULD ENCOUNTER MILITARY VETO AND IN VIEW NEAR DESPERATION JANGO'S POSITION FAR FROM CONFIDENT HE MAY NOT TRY.

WE THINK THERE IS ALSO OUTSIDE CHANCE GOULART MIGHT RESIGN OR AT LEAST ABSENT HIMSELF FOR PERIOD. (WE HAVE NO CONCRETE EVIDENCE POINTING TO THIS CONTINGENCY, HOWEVER.) GP-3. MEIN
CFN GP-3

~~SECRET~~