

Brazil

INCOMING TELEGRAM

Department of State

48

~~SECRET~~

(Taken from Pres
Week-end reading
dtd 10/20/63 - Jan 5)

Action

S/S

ESA073SUA020M

Info

PP RUEHCR
DE RUESUA 423 17/0022Z
P.170004Z ZEA
FM AMEMBASSY RIODEJANEIRO
TO SECSTATE WASHDC
STATE GRNC
BT

SECRET PRIORITY 841 OCT 16 9 PM

L I M I T . D I S T R I B U T I O N S / S

FOR ASSISTANT SECRETARY MARTIN

EMBTel 811

1. ON RETURN HERE I FIND SITUATION IN SOME WAYS WORSE THAN I HAD EXPECTED, HIGHLY UNSTABLE, MORE LIKELY THAN NOT TO UNDERGO SUBSTANTIAL FURTHER DETERIORATION, ALTHOUGH NOT WITHOUT SOME HOPEFUL POSSIBILITIES. NONE OF THIS LEADS ME TO QUESTION AGREED RECOMMENDATIONS IN LAST WEEK'S POLICY PAPER, BUT IT ADDS URGENCY TO VARIOUS TYPES CONTINGENCY PLANNING DISCUSSED AT WHITE HOUSE AND WITH MARTIN AND DUNGAN.

2. ON NEGATIVE SIDE I FIND ACTIONS, ATTITUDES AND EFFECTIVE POWER OF JAIR ALL LESS REASSURING THAN I HAD HOPED. GOULART
CFN: 841 16 "9 811

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EMERGES FROM STATE OF SIEGE EPISODE ON SURFACE MAKING NOISES LIKE A CENTRIST BUT ACCORDING TO SOME KNOWLEDGEABLE SOURCES STILL OBSESSED WITH IDEA OF TAKING EARLY ACTION AGAINST GUANABARA GOVERNOR. ACCORDING THIS SCHOOL OF THOUGHT GOULART HAS BEEN TRYING GAIN ACQUIESCENCE OF ELEMENTS OF PSD AND SOME GOVERNORS FOR SUCH ACTION. MEANWHILE REAL PROBLEMS OF COUNTRY. ESPECIALLY WITH REGARD INTERNAL ECONOMIC SITUATION, ARE COMPOUNDING THEMSELVES WITH WIDESPREAD CONTINUING STRIKE PROSPECTS AND ACCELERATING COST PUSH INFLATION. LEFT IS CURRENTLY ENGAGED IN EFFORTS TO BRING ABOUT GREATER DEGREE OF UNITY INCLUDING EXTREMIST GROUPS, ORTHODOX COMMUNIST PARTY, AND OTHER RADICAL NATIONALISTS, AND IF SUCCESSFUL WILL STRENGTHEN ABILITY TO PRESSURE PRESIDENT.

0130 BUDY-SMIT
1963 OCT 17 AMALYSENDER
BELK
BLURECK
CHASE
P R I O R I T Y
DINGEMAN
DUNGAN
FORRESTAL
JOHNSON
KILDEUFF
KLEIN
KOMER
PARROTT
SAUNDERS
SMITH, WM.

SUMMARY

DECLASSIFIED
E.O. 12958 DEC 30
NLK-03-140
BY MAD NARA DDD 1/04

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-2- 841, October 16, 9 p.m., from Rio de Janeiro

3. DANGERS FROM OUR VIEWPOINT ARE THREEFOLD. (A) GOULART MIGHT CONCLUDE THAT ONLY HOPE REMAINING IN OFFICE LIES IN CLOSER RELATIONS WITH LEFT AND THAT HE WILL CARRY OUT RAPPROCHEMENT SUCCESSFULLY WITHIN CONSTITUTION AND WITHOUT AROUSING EFFECTIVE REACTION FROM OTHER SECTORS. (B) GOULART MIGHT ATTEMPT COUP, EITHER OVERTLY LEFTIST OR MORE LIKELY NATIONALIST-PERONIST. (C) GOULART MIGHT SIMPLY DRIFT, WITHOUT ANY ACTION TO CHECK ECONOMIC DETERIORATION, THUS TENDING TO RADICALIZE ALTERNATIVES FACING GOULART OR FOR THAT MATTER ANY SUCCESSOR.

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4. ON 3(A), I FEEL LESS CONFIDENT OF JAIR'S DETERMINATION OR ABILITY TO PREVENT THAN I DID IN WASHINGTON. ASSIS BRASIL APPOINTMENT, IF ACTUALLY FORMALIZED, IS BAD POINTER. ON 3(B) RESTRAINT OR REACTION SEEMS LIKELY, BUT I STRONGLY DOUBT THAT GOULART IS SO CONVINCED OF THIS AS TO PUT IDEA OUT OF HIS "MIND." 3(C) IS ALL TOO LIKELY, BUT WHETHER INSTITUTIONAL FRAMEWORK CAN SURVIVE ANOTHER TWO YEARS OF IT IS QUESTIONABLE.

5. PACIFYING GESTURES GOULART IS MAKING TOWARD PSD, SUCH AS APPARENT CONCURRENCE IN BOCAIUVA CUNHA'S DEPOSITION AS PTB CHAMBER LEADERS AND ACCEPTANCE PAULO DE TARSO RESIGNATION, WHILE THEY MIGHT THEORETICALLY LEAD TO HAPPY FOURTH ALTERNATIVE OF DEMOCRATIC AND CENTRIST GOULART GOVERNMENT, SEEM TO ME UNLIKELY TO DO SO. JANGO TO DATE HAS NEVER SHOWN THE ABILITY OR RESOLUTION TO FACE DOWN CONSISTENTLY SHARP CRITICISM FROM THE LEFT. IN VIEW ECONOMIC AND LABOR SITUATION, THIS POLICY WOULD REQUIRE COURAGEOUS USE OF EXECUTIVE POWERS IN WAY HIGHLY REPUGNANT TO "FORCAS POPULARES" ON WHOSE SUPPORT GOULART HAS BUILT WHOLE CAREER. IN MAY 1962 AND IN JANUARY AND JUNE 1963 HE DELIBERATELY TURNED HIS BACK ON THIS COURSE. PURELY TACTICAL REASONS ARE ADEQUATE EXPLANATION HIS ATTEMPT RAPPROCHEMENT WITH PSD NOW. INCLUDING DESIRE BLOCK PARLIAMENTARY INQUIRY INTO ATTEMPT ON LACERDA (WHICH REQUIRES PSD SUPPORT) AND, OF COURSE, ALSO ANY IMPEACHMENT INITIATIVES. "COVER" FOR EARLY ACTION AGAINST LACERDA, CFN: 3 3 3 1962 1963

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IF GOULART DOES IN FACT HAVE THIS IN MIND, WOULD BE ANOTHER REASON. AVID RECEPTIVITY OF PSD LEADERSHIP TO THESE OVERTURES, INCIDENTALLY, THROWS DOUBT ON ABILITY CONGRESS TO TAKE INDEPENDENT INITIATIVE FOR CONSTRUCTIVE SOLUTIONS.

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-3- 841, October 16, 9 p.m., from Rio de Janeiro

6. SILVER LINING ELEMENTS, HOWEVER, INCLUDE: (A) INCREASED AWARENESS OF MANY PREVIOUSLY POLITICALLY INERT SECTORS OF POPULATION TO DANGERS, AS SHOWN BY CHORUS OF OPPOSITION TO SIEGE REQUEST FROM VIRTUALLY ALL SECTORS AND RAPIDLY MOBILIZED SUPPORT RECEIVED BY PERI BEVILAQUA. (B) SIGNS OF INCREASED DESIRE BY GENERAL PUBLIC TO WORK IN PEACE, BACKED BY WILLINGNESS TO ACCEPT INCONVENIENCES OR SACRIFICES IF THEY SAW A REAL EFFORT TO ESTABLISH RATIONAL ADMINISTRATION AND CONTAINMENT OF INFLATION. (C) CONTINUING IMPORTANT DIFFERENCES WITHIN LEFT DESPITE UNITY EFFORTS ALREADY MENTIONED, AND PROBABILITY THAT LEFT WOULD NOT PROVE PARTICULARLY STRONG WERE GOULART'S SUPPORT WITHDRAWN OR WERE GOULART HIMSELF TO BE NEUTRALIZED AS, FOR EXAMPLE, IN UNSUCCESSFUL ATTEMPT AT COUP ON OWN BEHALF. (D) FINALLY, ALTHOUGH JAIR DISAPPOINTING, MILITARY RESISTANCE TO 3(A) OR 3(B) ABOVE BY US MEANS TO BE WRITTEN OFF. (E) I RETAIN CONFIDENCE THAT BULK STATE GOVERNORS WILL TRY TO ACT AS MODERATING CFN: 3 3

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AND CONSTRUCTIVE INFLUENCE.

7. POLITICAL MECHANISM THROUGH WHICH THESE HOPEFUL FACTORS MAY COME TO BEAR ON SITUATION IN SOME USEFUL WAY REMAINS OBSCURE, BUT AT LEAST THEY ARE PRESENT. SOME PECULIARLY BRAZILIAN AND UNPREDICTABLE SOLUTION MAY STILL EMERGE.

GP-2. GORDON
BT

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