

INCOMING TELEGRAM

Department of State

~~SECRET~~ Brazil

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Action

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Control: 1030

Rec'd: JULY 2, 1963

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FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 6, JULY 1, 8 PM

PRIORITY

CAMPOS LUNCED WITH ME MONDAY TO REVIEW DEVELOPMENTS HERE DURING MY ABSENCE. HE RESTATED VIEWS ON NEW CABINET REPORTED LAST WEEK BY MEIN, ACKNOWLEDGING STRONG BRIZOLA INFLUENCE IN DISMANTLING PREVIOUS CABINET BUT FINDING LESS SUCH INFLUENCE IN NEW THAN IN OLD. STATED TWICE THAT IN CASE ANY NEW CONFRONTATION BETWEEN BRIZOLA AND PRESENT CABINET, GOULART WILL HAVE TO SUPPORT LATTER. EXPECTS SOME SUCH CONFRONTATION FAIRLY SOON, BUT DID NOT SPECIFY PROSPECTIVE ISSUE.

CAMPOS UNCERTAIN ON OWN FUTURE. SAYS CARVALHO PINTO STRONGLY URGED HIM TO STAY IN WASHINGTON, BUT HE REPLIED COULD NOT DO SO IF AMFORP NOT CONCLUDED ON AGREED TERMS AND GENERAL LINES DANTAS-BELL COMMITMENTS NOT CARRIED THROUGH. EXPECTS TO REACH DECISION THIS WEEK, AFTER FURTHER TALK WITH CARVALHO PINTO AND WITH GOULART. HAD NOT BEEN ABLE TALK WITH GOULART PRIVATELY PRIOR LATTER'S DEPARTURE FOR ROME, AND CARVALHO PINTO IN BRASILIA TODAY. IF HE RESIGNS, IS THINKING OF COMBINATION SOME REMUNERATIVE PRIVATE ACTIVITY WITH POLITICAL ACTIVITY AS ALLY WITH DANTAS, SPEAKING FREQUENTLY ON TV AND RADIO AGAINST BRIZOLA LINE. THEN EXPECTS DEVELOP POLITICAL BASE FOR CONGRESSIONAL SEAT FROM MATO GROSSO. BELIEVES SUCCESSOR WOULD BE DIAS CARNEIRO.

HAD NO FURTHER NEWS ON AMFORP SINCE FRIDAY. SAID IMPORTANT THAT SOMEONE, PROBABLY I, SHOULD MAKE CLEAR TO CARVALHO PINTO THAT RETRACTION FROM AMFORP DEAL NOW WOULD RAISE VERY SERIOUS PROBLEMS FUTURE U.S. AID FOR BRAZIL, QUITE APART FROM LEGAL

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-2- 6, JULY 1, 8 PM, FROM RIO DE JANEIRO

CONSTRUCTION HICKENLOOPER AMENDMENT. SAID DANTAS HAD NEVER SHOWN CARVALHO PINTO GOULART'S MARCH ELEVEN LETTER TO KENNEDY, BUT SAW NO OBJECTION MY DOING SO. I TELEPHONED CARVALHO PINTO IN BRASILIA FOR APPOINTMENT, TO COVER BROAD FINANCIAL POLICIES AS WELL AS AMFORP, NOW SET IN RIO SEVEN P.M. TUESDAY. MOST IMPORTANT I BE INFORMED ON SUBSTANCE ROME CONVERSATION BEFORE THAT TIME, IF NECESSARY BY PHONE.

ALSO PLANNING SCHEDULE EARLY MEETINGS WITH NEW FOREIGN MINISTER AND TO SEEK MEETING WITH GOULART. GP-3.

GORDON

VMT/20

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