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DEPARTMENT OF STATE
AIRGRAM

100-4/10-1962
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A-109
NO.

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AIR PRIORITY
HANDLING INDICATOR
FILE XR-832-10
811-0032
732.00

TO : DEPARTMENT OF STATE 102 OCT 23 AM 11 12
FROM : Amcongen SAO PAULO
DATE: October 19, 1962

SUBJECT: Draper Inter-Agency Survey Team Visit to São Paulo
S/S G ARA BUSIA D A PM/A
REF : Deptel 813 September 27, 1962 to Amembassy, Rio de Janeiro

An inter-agency survey team headed by Ambassador William H. Draper, Jr., visited São Paulo on October 16 and 17, 1962. The composition of the team, their activities in São Paulo, and memoranda of conversations between team members and prominent local figures are set forth in the enclosures.

In accordance with instructions contained in the referenced telegram, local publicity on this visit was kept to a minimum.

Ambassador Draper and his colleagues made many contacts with knowledgeable Brazilians and Americans at São Paulo. On departure, the Ambassador and members of his party expressed satisfaction with their visit.

Daniel M. Braddock
Daniel M. Braddock
Minister Consul General

- Enclosures:
1. Composition of the Inter-Agency Survey Team. (CONFIDENTIAL)
 2. Schedule for visit. (CONFIDENTIAL) (UNCLASSIFIED)
 3. Guest List for Luncheon October 16 (UNCLASSIFIED)
 4. Guest List for Dinner October 16 (UNCLASSIFIED)
 5. Memorandum of Conversation with Dr. Gastão Eduardo de Bueno Vidigal (CONFIDENTIAL)
 6. Memorandum of Conversation with Dr. Adhemar de Barros (CONFIDENTIAL)

FORM 4-52 DS-323

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Drafted by: DBraddock/
JLieber/DProper/ELIams
Clearances: G.Fasoli/ mec 10/19/62

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By MEO NARS, Date 7-2-76

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Number of copies, Series

7. Memorandum of Conversation with Mr. John S. Richards (SECRET)
8. Memorandum of Conversation with Gen. Pery Bevilacqua (OFFICIAL USE ONLY)
9. Memorandum of Conversation with Dona Conceição da Costa Neves (CONFIDENTIAL)
10. Memorandum of Conversation with Dr. Antonio de Barros Ulhoa Cintra (CONFIDENTIAL)
11. Memorandum of Conversation with Mr. Ruy Mesquita (CONFIDENTIAL)

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Composition of the Inter-Agency Survey Team

- 1) Ambassador William H. Draper, Jr., Chairman, and Mrs. Draper
- 2) Major General Douglas V. Johnson, USA (RET) DOD
- 3) Ludwell L. Montague - CIA
- 4) Thomas E. Naughton - AID
- 5) C. Edward Wells - USIA
- 6) Henry J. Costanzo - Treasury
- 7) William B. Connett, Jr., Executive Director *s/s-o*
- 8) Margaret A. Lukso - Secretary

UNCLASSIFIED

Page 1 of 2
Enclosure No. 2
Airgram A-4109
From Amcongen, São Paulo

Schedule for Visit of Ambassador Draper and Party to São Paulo

OCTOBER 16 (Tuesday)

10:10 a.m.	Arrival at Congonhas Airport. Met by Consulate General officers.
11:00 a.m.	Briefing of Ambassador Draper and party by Consulate General officers.
12:00 Noon	Stag luncheon for Ambassador Draper and party at Fasano Restaurant with American business leaders and prominent Brazilians. (See Enclosure No.3 for guest list.)
2:30 p.m.	Ambassador Draper and Mr. Costanzo called on Dr. Gastão Eduardo de Bueno Vidigal, Superintendent, Banco Mercantil de São Paulo.
3:30 p.m.	Ambassador Draper, General Johnson, Mr. Costanzo, Mr. Wells, and Mr. Montague called on São Paulo State Governor-elect Dr. Adhemar Pereira de Barros.
5:00 p.m.	Ambassador Draper and party met with Minister Daniel N. Braddock and members of his staff at Consulate General.
8:00 p.m.	Informal dinner at home of Minister Braddock in honor of Ambassador Draper and party. (See Enclosure No.4 for guest list.)

OCTOBER 17 (Wednesday)

8:30 a.m.	Briefing of Ambassador Draper and party by Consulate General officers.
10:00 a.m.	Ambassador Draper, Mr. Connett, and Mr. Naughton called on Mr. John S. Richards, President of the American Chamber of Commerce for São Paulo and President of RCA, Eletrônica Brasileira.

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OCTOBER 17 (cont'd)

12:00 Noon

Ambassador Draper and Mr. Naughton attended luncheon with American executives of American-owned meat packing companies.

Other members of Ambassador Draper's party attended luncheon with various Consulate General officers.

2:00 p.m.

Mr. Wells called on Dr. Antonio de Barros Ulhoa Cintra, Rector of the University of São Paulo.

2:30 p.m.

Ambassador Draper and General Johnson, accompanied by Minister Braddock, called on General Pery Bevilacqua, Commander of the Second Army.

Mr. Naughton met with senior U.S. AID officers in São Paulo.

4:00 p.m.

Ambassador Draper, General Johnson, Mr. Connett, and Mr. Montague, accompanied by Minister Braddock, called on Dona Conceição da Costa Neves, Vice-President of the São Paulo State Legislative Assembly.

Mr. Wells called on Mr. Ruy Mesquita, son of the editor and owner of the newspaper O Estado de São Paulo.

6:00 p.m.

Ambassador Draper and party departed from Congonhas Airport for Rio de Janeiro.

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Page 1 of 1
Enclosure No.3
Airgram A-2109
From Amcongen, São Paulo

GUEST LIST FOR LUNCHEON IN HONOR OF AMBASSADOR DRAPER AND
PARTY AT FASANO'S RESTAURANT, SÃO PAULO, OCTOBER 16, 1962:

Ambassador William H. Draper, Jr.
MajorGeneral Douglas V. Johnson
Mr. Ludwell L. Montague
Mr. Thomas E. Naughton
Mr. C. Edward Wells
Mr. Henry J. Costanzo
Mr. William B. Connett, Jr.
Sr. Teodoro Quartim Barbosa - Bank of Commerce and Industry of
São Paulo
Sr. Quirino Ferreira Neto - Director-Vice President of newspaper
"Folha de São Paulo"
Mr. Bruce S. Galbraith - Assistant General Manager of Alba S.A.
(Borden)
Mr. Walter H. Gussenhoven - Managing Director of General Motors
do Brasil
Mr. Francis L. Herbert - Cia. Swift do Brasil
Mr. Joseph H. Jones - Director-General Manager, Union Carbide
do Brasil
Sr. Fernando E. Lee - Manager, Wierton Steel
Sr. Paulo Reis Magalhães - Managing Director of Cia. Itaquerê-
Industrial e Agrícola
Sr. Vicente de Paula Ribeiro - Director, Sociedade Tecnica
e Comercial Serya Ribeiro
Mr. John S. Richards - President, RCA Eletrônica Brasileira; and
President, American Chamber of Commerce
for Brazil (São Paulo)
Mr. Scott C. Lyon - Deputy Principal Officer, American Consulate
General
Mr. Richard C. Desmond - Principal Economic Officer, American
Consulate General
Mr. Robert Reynolds - Political Officer, American Consulate General
Mr. Guy A. Fasoli - Branch Public Affairs Officer, USIS
Mr. Jack Liebof - Labor Officer, American Consulate General
Mr. Datus C. Proper - Political Officer, American Consulate General

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GUEST LIST FOR DINNER IN HONOR OF AMBASSADOR DRAPER AND PARTY
AT RESIDENCE OF MINISTER CONSUL GENERAL BRADDOCK, TUESDAY,
OCTOBER 16, 1962:

Ambassador and Mrs. William H. Draper, Jr.
Major General Douglas V. Johnson
Mr. Ludwell L. Montague
Mr. Thomas E. Naughton
Mr. C. Edward Wells
Mr. William B. Connett, Jr.
Miss Margaret A. Lukso
Sr. and Sra. Francisco de Paula Vicente Azevedo - former Secretary
of Finance of the State of São Paulo; presently Vice President
of Banco Comercial Estado de São Paulo S.A.

Sr. and Sra. Humberto Monteiro - retired General Manager of
Ford Motor do Brasil S.A.; presently President of União
Cultural Brasil-Estados Unidos
Sr. and Sra. Paulo Ayres Filho - Director-General Manager of
Instituto Pinheiros, Produtos Terapeuticos; and Manager
of the Banco Mercantil de São Paulo
Minister and Mrs. Daniel M. Braddock
Consul and Mrs. Scott C. Lyon - Deputy Principal Officer,
American Consulate General
Consul Guy A. Fasoli - Branch Public Affairs Officer, USIS
Mr. Edward J. Bash, Commercial Attache, American Embassy,
Rio de Janeiro

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A-109 *Sao Paulo*
Page 1 of Encl.5

MEMORANDUM OF CONVERSATION

Date: October 16, 1962

Place: Mr. Vidigal's Office
Subject: Brazilian Financial Situation
Participants: Ambassador William H. Draper, Jr.
Mr. Gastão Vidigal, ex-State Secretary of Finance, Director
of Banco Mercantil de São Paulo.
Mr. Henry J. Costanzo
Mr. Datus C. Proper, Political Officer, American Consulate
General, São Paulo.

Vidigal summed up the Brazilian financial situation very briefly: "It couldn't be worse." He saw hope both for the general political scene and for the country's specific financial problems, however. There were two reasons for this hope:

1) The basic reason was what he described as the Democratic trend all over the country in the October 7 elections. He mentioned the names of the several governors who had won against extremist opposition. One was Adhemar de Barros. Vidigal characterized Adhemar as a "man of the center." He believed that Adhemar and the other like-minded governors could exert great pressure on Goulart for healthy measures.

2) A second reason for hope was Goulart's own self-interest. Goulart, he said, was not a Communist but an extreme opportunist and a shrewd politician. The President was very interested in his personal political future, which would not be promising if Brazil's pressing social problems continued. He was, therefore, going to be forced to try to solve these social problems. To do so he had to beat the galloping inflation. Ergo, Goulart had no choice but to take eventual strong measures against inflation.

.....

Comment: Whether or not one finds Vidigal's reasoning a bit optimistic, it must be accepted that his view was an enlightened and studied one.

There were striking resemblances between Vidigal's line and that of Governor-elect Adhemar de Barros, who received Ambassador Draper on the same afternoon. The parallel lends weight to the rumor that Vidigal has been invited to be Adhemar's State Secretary of Finance.

The Consulate General would characterize Adhemar not as a "man of the center" but a right-of-center conservative.

POL/DCProper/mec

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MEMORANDUM OF CONVERSATION

DATE: October 16, 1962

PLACE: Residence of Dr. Adhemar de Barros

SUBJECT: Various

PARTICIPANTS: Dr. Adhemar de Barros - Governor-elect of São Paulo
Ambassador William H. Draper, Jr.
Mr. Ludwell L. Montague - member of Ambassador
Draper's party
Mr. C. Edward Wells - member of Ambassador Draper's
party
Mr. Henry J. Costanzo - member of Ambassador
Draper's party
Mr. Jack Liebof - Labor Officer, American Consulate
General
Mr. Datus C. Proper - Political Officer, American
Consulate General

Governor-elect Barros gave an extremely friendly interview, touching on a number of points. Among the highlights:

1) He is traveling to Rome in a few days but will fly back to São Paulo especially to greet President Kennedy. (Note: It is not at all sure that the Brazilian Foreign Office or the State Government will be interested in arranging for Adhemar to talk with President Kennedy, but the Governor-elect is clearly determined to try.)

2) When Ambassador Draper asked about the problem of inflation, Adhemar replied that it was extremely serious. He hoped that Brazil's newly elected democratic governors, among whom he clearly put himself foremost, would be able to exert pressure for vigorous combat of inflation. He said that two men were "criminally responsible" for the nation's crippling financial situation: Juscelino Kubitschek and Jânio Quadros. (Note: Kubitschek supported Adhemar for governor.)

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3) Lame-duck Governor Carvalho Pinto, on the other hand, was characterized as "a good person but no politician." (Note: This accurate observation is remarkable for its objectivity. Carvalho Pinto criticized Adhemar even more severely than did Quadros during the gubernatorial campaign.)

4) Adhemar made numerous informal, once-over-lightly requests for Alliance for Progress aid. Among them were help (apparently both technical and financial) for enlargement of the port of Santos, technical help in training police, and a subway for the city of São Paulo.

5) At the same time, Adhemar recognized the necessity of intensive São Paulo help to the Northeast. He did not, however, discuss the relative priority of American aid to São Paulo and the Northeast.

6) He intended to crack down severely on Communists in labor, specifically in Santos. It appeared that he used the term "Communist" a little broadly and that his labor information was not as good as that on some other topics.

7) Adhemar called many national figures Communists, again painting on the term with a broad brush. Celso Furtado and Prime Minister Hermes Lima were so characterized. Goulart was called not a Communist but an opportunist greatly influenced by Communist ideas. Adhemar claimed that Goulart, just before becoming President, had tried to sell him on the idea of a Red Chinese solution for Brazil. Goulart had preferred Chinese to the Russian pattern as being "more truly Communist." (These remarks were said to have been made in Paris, where Goulart had just arrived from a trip to Red China and was awaiting the opportunity to return to Brazil and assume the Presidency.) Adhemar claimed that recently, during another conversation, he had made a point of denouncing Leonel Brizola's revolutionary preachings to brother-in-law Goulart, pointing out to the President that Brizola intended to turn Brazil into a Communist country. He informed Goulart that Brizola was sending 200 men a month to Cuba from Rio Grande do Sul to receive guerrilla training. Goulart had replied that Adhemar was on the wrong side and should join the good cause.

Consulate General Comment: Adhemar's comments about Kubitschek strengthened the Consulate General's belief that the São Paulo governor-elect

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is already running for the 1965 presidential elections. Gratitude for Kubitschek's help in the gubernatorial campaign -- which may have been decisive -- did not last very long.

Barros looks healthy and vigorous for his age though he is still much too heavy. He remains a very charming person. His memory for statistics and details is remarkable. He did not, however, give the impression of thinking very coherently about the goals of his governorship: history, personal convictions, scattered plans, and requests for aid were mixed in a confusing pattern.

DCProper/fmw

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MEMORANDUM OF CONVERSATION

Date: October 17, 1962

Place: Mr. Richard's Office

This document consists of 1 pages

Number 1 of 6 copies, Series A

Subject: Local American Businessmen's Views on Brazilian Situation

Participants: Ambassador William H. Draper, Jr.
John Richards, President of the São Paulo American Chamber
of Commerce and President of RCA Electronical Brasileir
William B. Connett
Thomas A. Naughton
Richard L. Ijams, Political Section, American Consulate
General, São Paulo.

On 17 October 1962, Ambassador Draper and members of the Inter-Agency Survey Team met with John Richards, president of the São Paulo American Chamber of Commerce. Richards, speaking as an American businessman, expressed to Ambassador Draper his grave concern over the political and economic future of Brazil. He stated he believed President Goulart was a "political animal" who intended to establish a "Peronismo" type of government in Brazil. Goulart's present policies, said Richards, were sure to lead to the economic collapse of Brazil. He said that he believed Goulart was an extremely dangerous person and suggested that the United States Government should force the economic collapse of Brazil by cutting off all aid to the Goulart administration and thereby bringing about the downfall of Goulart himself. At this point the military would hopefully step in and "correct the existing conditions." He admitted, however, that he could not be completely sure that this would be the result of the cutting off of aid. In referring to the worsening economic situation, Richards pointed out that nearly all past attempts of previous administrations to begin an austerity program had ended with the originator of the program being removed or giving up his office. He cited Quadros as one example of this phenomenon. Richards said that in his opinion, the United States would have little chance of improving the Brazilian economic situation through financial aid. He said Goulart would accept any conditions for the use of aid and then would simply ignore them. Richards said he could see little possibility that the United States would be able to place advisors in key financial institutions in Brazil. In summary, Richards was very pessimistic concerning the future of business in Brazil. He said his firm, RCA, was having extreme problems in obtaining dollars from the Bank of Brazil and this in turn was causing problems in remitting profits and purchasing imports. He said that nearly all exporters in the United States were now demanding cash for each purchase.

RLIjams/mec

MEMORANDUM OF CONVERSATION

DATE: October 17, 1962

PLACE: Headquarters of General Pery Bevilacqua
SUBJECT: Courtesy Call
PARTICIPANTS: Major General Pery Bevilacqua - Commander of the
Brazilian Second Army
Major General Aurelio de Lyra Tavares - Commander
of the Brazilian Second Military Region
Ambassador William H. Draper, Jr.
Major General Douglas V. Johnson, USA (Ret)-DOD
Minister Consul General Daniel M. Braddock
Mr. Robert Reynolds - Political Officer, American
Consulate General

The visit was a courtesy call by Ambassador Draper and General Johnson on the Commander of the Second Army for the purpose of promoting good relations. General Tavares was on hand, undoubtedly at General Bevilacqua's request because of his extensive previous contact with Americans and in order to serve as General Bevilacqua's interpreter in case of need. The conversation was very cordial but contained little of substance. Much of it was recollections on the part of the Brazilian officials, particularly General Tavares, of contacts he had had with American officials (General Tavares had been an observer and subsequently liaison officer with the American army during and after World War II), and on the part of Ambassador Draper and General Johnson of Brazilian officers they had met. Ambassador Draper conveyed the good wishes of General Taylor and General Grittenberger.

Ambassador Draper asked whether the Brazilian army was continuing to progress. General Bevilacqua replied that some progress was still being made but at a rate that was naturally much slower than during the war.

General Bevilacqua mentioned his especially friendly acquaintance with a Captain Walter or Meyer, or some combination of these names, at Natal during the time when he had been in command of the Brazilian anti-aircraft unit at that base during the war. Ambassador Draper assumed that he was referring to

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Colonel Walters, the newly assigned Army Attaché in Rio, and said that Colonel Walters would call on the Brazilian commander at the first opportunity. (It seemed to the writer of this memo that General Bevilacqua was possibly if not probably thinking of someone other than Colonel Walters.)

Ambassador Draper remarked on the fact that Brazilian military officers were taking up only about 75 of the 300 places reserved for Brazil in U.S. military training institutions and asked if General Bevilacqua knew why the full complement was not being filled. The Brazilian commander said that he did not know, that the depreciation of the cruzeiro might have something to do with it, but that the matter was outside his province and was one on which he was not informed. Ambassador Draper returned to the subject once or twice during the talk, expressing the hope that the full complement could be utilized since such contacts were, in his opinion, very good for both countries. General Bevilacqua had nothing further to say on the subject.

Ambassador Draper thanked General Bevilacqua for the privilege of calling on him and asked if he had any message he wished the Ambassador to take back. General Bevilacqua expressed appreciation for the call and asked Ambassador Draper to convey his best wishes to General Taylor and General Crittenger.

DMBraddock/vsgs

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MEMORANDUM OF CONVERSATION

DATE: October 17, 1962

PLACE: Reception Room of the President of the São Paulo State
Legislative Assembly

SUBJECT: What the Alliance for Progress Should Do in Brazil

PARTICIPANTS: Dona Maria da Conceição da Costa Neves - Vice President
of the São Paulo State Legislative Assembly
Ambassador William H. Draper, Jr.
Minister Consul General Daniel M. Braddock
Mr. William B. Connett, Jr. - member of Ambassador
Draper's party
Mr. Ludwell L. Montague - member of Ambassador
Draper's party
Major General Douglas V. Johnson - member of Amba-
sador Draper's party
Mr. Robert Reynolds - Political Officer, American
Consulate General
Mr. Datus C. Proper - Political Officer, American Con-
sulate General

Minister Braddock complimented Deputy Costa Neves on its being her birthday, and on her re-election to the Legislative Assembly; and as none of Ambassador Draper's group spoke Portuguese, interpreted and carried on most of the ensuing conversation on their behalf. Mr. Connett, Mr. Montague and Mr. Proper joined the group when the visit was about half over.

Ambassador Draper asked what in the Deputy's opinion the attitude of the university students was toward the United States. "Excellent, in general," was her reply. She said that many if not most of the student leaders, however, were pro-communist, but that the anti-communist majority was beginning to displace some of the communists. She thought the recent visit of 75 Brazilian students to the United States (the Sage group) had produced excellent results and hoped that many more students could be given the same opportunity to make such a visit. She was aware that this group had been privately financed, which she thought good, and she was enthusiastic over the fact that each student in the group had been taken into an American home.

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Dona Conceição expressed at some length her views with regard to the need for the Alliance for Progress 1) to increase its activities in Brazil, particularly for the relief of the poor people of the Northeast and 2) to publicize what it is doing. She said that, although a warm advocate of the Alliance herself, she felt that she knew very little about it (it was evident that she hadn't kept up very well even with the developments which had been amply reported in the local press such as the Rio housing project, mentioned by Ambassador Draper, and the Pernambuco rubber plant). She believed that the kind of assistance most needed in the Northeast was the creation of small industries which would permit the people to earn a living there rather than to have to migrate elsewhere.

As Deputy Costa Neves appeared to be thinking more of what the United States should do to make the Alliance work rather than what Brazil should do, Ambassador Draper asked whether the Brazilians realized that the Alliance was a joint effort and that while we wanted to help, the initiative and main effort would have to come from the Brazilian side. Dona Conceição replied that she knew the Alliance was a joint undertaking but that the Brazilian Government, under President Goulart, could not be counted upon to do much. She said the President had been a personal friend of hers for 20 years and still was, but that his government was incompetent and corrupt, and if the Alliance had to depend on him it would never amount to anything. The only hope she saw for the Alliance was for the United States Government to take it directly to the Brazilian people. When the people saw what it could mean to them, they would insist that the Brazilian Government cooperate. Ambassador Draper said that for the Alliance to succeed, austerity would be called for from the people. He asked whether Deputy Costa Neves thought the people would make this sacrifice. She replied in the affirmative.

Minister Braddock asked whether and where Deputy Costa Neves thought Alliance aid should be employed in wealthy São Paulo. She said that the main need was of course not here, but she went on to speak of the increasing difficulties which inflation and the depreciation of the cruzeiro were causing to the São Paulo industries. If the São Paulo economy should break down, she said, the economy of the entire country would collapse. It would be an excellent thing, she said, if there were some way for the United States to assist in financing the purchase of American machinery for São Paulo industries or at least to insure time-purchases of machinery against further currency depreciation.

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Dona Conceição said in parting that she was very tired and was looking forward to a short vacation of 10 days or so in New York in December. She indicated that her trip would be entirely recreational and that she did not expect to require any assistance from the Consulate General other than the issuance of a visa.

Deputy Costa Neves said the image of the United States here was being hurt by some ill-chosen films. She said "West Side Story" was conveying a poor impression of treatment of Puerto Ricans in the United States, especially to the Brazilian students, and that communists were making the most of this opportunity, talking up the picture.

On the way out of the building, Mr. Proper asked Deputy Costa Neves' secretary if the Deputy expected to be re-elected Vice President of the Legislative Assembly. She replied that Dona Conceição definitely did not want this office again, as it had been a very heavy burden on her.

DMBraddock/DCProper/fmw

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MEMORANDUM OF CONVERSATION

DATE: October 17, 1962

Place: University of São Paulo

Subject: Various

Participants: Dr. Antonio de Barros Ulhoa Cintra, Rector of the
University of São Paulo
Mr. C. Edward Wells
Mr. Guy A. Fasoli, Branch Public Affairs Officer,
American Consulate General, São Paulo.

The Rector spoke to Mr. Wells for approximately 40 minutes, answering such questions as (1) How strong is the communist influence among university students; (2) What is the reservoir of good feeling toward the United States; (3) What about the effectiveness of Alliance for Progress in Brazil; (4) What is your opinion of the present political situation; (5) Discuss the University of São Paulo building program; and (6) What is the importance of greater university student exchange programs with the United States.

In brief, the Rector of the University felt that while the communist influence is quite apparent, it did not present a great problem and could be controlled. He believes that underlying the Brazilian attitude there is a reservoir of good feeling toward the United States. Recent exchange programs on university level have been quite successful among a number of leftist students. Speaking of the Alliance for Progress, the Rector made particular reference to Celso FURTADO, terming him a "Marxist" but not a communist, albeit he had been a communist in his younger days. As do most persons, the Rector believes that the Alliance for Progress has been slow in getting underway, principally due to lack of personnel and experience in planning by Brazilians. He felt that the United States should step in and offer to do the planning inasmuch as it has greater experience in such matters.

The present political situation is lamentable, the Rector stated, and is due (as is common knowledge) to a man who did not measure up to popular expectations--Janio QUADROS. The Rector does not have confidence in the present President, João GOULART, as a leader of the nation.

The Rector spoke briefly about the ambitious building program of the University of São Paulo, and stated that he was chosen especially for the purpose of realizing this program.

Dr. Ulhoa Cintra stressed the importance of university exchange programs, referring to the great emphasis the Soviet places on this means of influencing the university youth, and urged that the United States expand its program greatly.

GAFasoli/mec

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MEMORANDUM OF CONVERSATION

DATE: October 17, 1962

PLACE: Office of O Estado de S. Paulo newspaper

SUBJECT: Various

PARTICIPANTS: Sr. Ruy Mesquita - son of editor and owner of O Estado de
S. Paulo, and a Director of the newspaper
Mr. C. Edward Wells - member of Ambassador Draper's
group
Mr. Guy A. Fasoli - Branch Public Affairs Officer,
American Consulate General

During the course of the interview, Mr. Wells asked several questions relating to the image of the United States in Brazil. Among these were:

- 1) What did Mr. Mesquita think about the success of the Alliance for Progress in Brazil?
- 2) How did Brazilians in general feel about the United States?
- 3) How serious was the communist threat here?
- 4) What did Sr. Mesquita think about President Goulart and the present administration?
- 5) What were Sr. Mesquita's thoughts about foreign investments in Brazil?

Speaking about the Alliance for Progress, Sr. Mesquita felt that it had been slow in moving into high gear, admitting that the Brazilians were partially to blame for this. He felt that what we needed was to have some of what we would call "impact" type projects which would demonstrate visibly the effects of the Alliance. He expressed some doubts about Celso Furtado and felt that he was still quite far to the left. He did admit that Sr. Furtado was a man of action and that perhaps the end result of Sr. Furtado's appointment as Minister without Portfolio might be favorable.

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Sr. Mesquita, very affable throughout the encounter, stressed the point, often proffered by other prominent Brazilians, that there was a decided reservoir of good feeling for the United States but that the communists were working diligently to undermine this. He offered the opinion that there existed no valid reason for Brazilians to dislike the United States, a power that had had no adverse effect on Brazil, but to the contrary had always been a friend of the country. There had been no colonial reason, and the United States had not interfered in the internal affairs of Brazil as had been the case with several Latin American countries, notably Mexico and Cuba.

The communist threat was worthy of concern but had not become critical. In fact, Sr. Mesquita said that his father had been a companion of Luiz Carlos Prestes in the latter's fight against Getulio Vargas and had even named his youngest son Luiz Carlos Mesquita in Prestes' honor. Subsequent to this association, Prestes went to Russia, came back fully indoctrinated and became the leader of the Communist Party in Brazil. Sr. Ruy Mesquita felt that while Prestes had been a very intelligent young man, he had lost something of his brilliance with the passing of the years. Prestes lost greatly in prestige when he admitted that in the event of a war he would fight on the side of Russia. While not minimizing the potential danger of the Communist Party, Sr. Mesquita felt that it had lost a great deal of its early power. He estimated that the strength of the Party could be said to be from thirty to forty thousand.

Sr. Mesquita has no love for President Goulart. While not a communist himself, but rather an opportunist, Goulart is surrounded by communists and communist sympathizers. Sr. Mesquita felt that President Goulart, for the first time, was concerned about the financial condition of the country and wanted to do something about it. However, he is not up to the challenge and does not know what to do. Sr. Mesquita also stated that, as is common knowledge, Goulart is a very ambitious man, once spiritually tutored by Vargas, and desirous of emulating his predecessor.

Regarding foreign investments in Brazil, Sr. Mesquita felt that the importance of these investments to Brazil had not been sold hard enough. Brazilians, especially the lower classes, have no conception of what foreign enterprises have meant positively to the country. Conversely, the common man has been bombarded by heavy, emotional propaganda emanating from the leftist-nationalist communion. At this point, Sr. Mesquita stressed the fact that the Brazilian, like all of the Latin Americans, must be bombarded by a propaganda based principally on an emotional approach.

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Sr. Mesquita displayed a very friendly attitude throughout the entire meeting and in closing expressed his desire to be of assistance at any time that Mr. Wells might want to designate.

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