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Brazilian Leader's First 5 Months: 'It's a Beginning'

By PAUL L. MONTGOMERY
Special to The New York Times

RIO DE JANEIRO, Aug. 6—President Arthur da Costa e Silva, the easygoing leader of this nation of 87 million people, was asked the other day for a progress report on his Government.

His answer, like his first five months in office, was low-key and devoid of drama. "It's a beginning," the 65-year-old former general replied. "There has been nothing startling, but the people are beginning to believe in government again."

Since his inauguration March 15 to continue the three-year-old Brazilian "revolution" against Communism and corruption, the President has baffled prognosticators. Both those who thought he would take a hard line to tighten the restrictive regime of his predecessor, the late Humberto Castelo Branco, and those who thought he would be forced into permissiveness to fulfill his aim of being a "popular president," have had to moderate their predictions.

"The President has had to do nothing spectacular to govern," said one analyst recently. "He has just gone along and made no mistakes. This is precisely what the country requires. It is a revolutionary thing in Brazil," he added.

Progress on Inflation

In the battle to brake inflation, on which the success or failure of Brazilian governments has turned since 1960, President Costa e Silva has continued the progress begun by the regime of President Castelo Branco. In the first seven months of this year, the cost of living in Rio de Janeiro—which is taken as the index of inflation in the nation—rose 18.6 per cent, compared with 28.7 per cent in the same period last year.

"We think we have the inflation problem beaten," Finance Minister Antonio Delfim Neto said recently. Government planners are talking of a cost of living increase of about 30 per cent for all of 1967. This would compare with 70 per cent in 1963, 84 per cent in 1964, 45 per cent in 1965 and 41 per cent in 1966.

For many observers, the problems of governing Brazil



Arthur Costa e Silva

are to be understood more in economic than in political terms. One of the favorite Brazilian maxims is, "We progress at night while the politicians sleep." In this respect, the political content of policy in Brazil has dropped markedly since the chaotic days of the early nineteen-sixties, both because policy has become oriented to the nation's economic difficulties and much traditional politics have been stifled by the "revolution."

Brazil's economic situation in this decade has been among the most serious in the hemisphere. Although the country is twice as large as any other in Latin America, and has the

largest industrial sector, her growth has been seriously impeded.

Under the enormous inflationary pressures, the economic growth rate dipped from 7.3 per cent in 1961 to 1.6 per cent in 1963, and only climbed back to about 3 per cent last year. Brazil's external debt more than tripled to its present level of \$3.7-billion in the same period.

Growth Rate at 3% in 1966

Against the actual decline must be weighed Brazil's great potential for expansion, which her population growth of 3.2 per cent makes essential for stability. Thus it is to economic development that President Costa e Silva has turned his attention.

The bulk of his effort is aimed at strengthening the Brazilian-owned private sector, which is expected to invest about \$400-million in expansion this year. Foreign investment, on the other hand, stands at about \$1.1-billion a year. The Government recently promulgated a law that at least 50 per cent of loans granted by financial institutions go to Brazilian rather than foreign countries.

The President has also devoted considerable attention to agriculture, which provides about 90 per cent of Brazil's foreign exchange, primarily through coffee exports. The politically powerful coffee planters, whom President Castelo Branco forced into diversification to check overproduction of coffee, have been given greater leeway and a higher support price.

One area where the new Government has come under considerable attack for inaction is education, where many be-

lieve the need for action is greatest. It is estimated that only 25 per cent of the population 19 years of age or younger is in school. About one-half of the total population, and one-third of people 15 to 19, are illiterate. Consequently, 70 per cent of the work force is unskilled, while the demand for skilled workers is more than four times the supply.

Little Action in Education

In his inaugural address, which pledged a Government of "social humanism," the President named improvement of educational opportunities as a prime goal. Aside from a drive led by Mrs. Costa e Silva, in which Brazilian women contributed jewelry for medical schools, little has been done.

Within hours after the "revolution" by military and business forces against the elected government of President João Goulart in 1964, the United States expressed its support of the new regime. American support has not lessened. Aid this year will reach about \$450-million, making Brazil second to India in the amount of loans and grants received.

President Costa e Silva has made sparing use of the great executive powers—including the right to decree laws—that he inherited from President Castelo Branco. His principal opposition comes from outside the Government, in a front formed around Carlos Lacerda, the former Governor of Guanabara state, and former President Juscelino Kubitschek.

However, since formation of a new political party was made extremely difficult under the Castelo Branco constitution, the opposition has been expressed principally in rhetoric. Mr. Kubitschek is additionally handicapped because his right to participate in politics was suspended for 10 years by the Castelo Branco regime.

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Hijackings More Frequent

Although the diversion of an airliner with so many passengers aboard would be a dramatic gesture for the Latin-American delegates gathered in Cuba, hijacking for political motives has become increasingly common in recent years.

Only last month, a plane carrying the former Premier of the Congo, Moïse Tshombe, was apparently hijacked over the Mediterranean, and diverted to Algeria. Mr. Tshombe faces extradition to the Congo, where he is under a death sentence.

Several planes, generally small ones, have been diverted from the United States to Cuba at the point of a gun in recent years. They have generally been returned, with their passengers and crew.

In one unsuccessful attempt, in November, 1965, a 16-year-old Texas honor student, Thomas Robinson, tried to take over a DC-8 carrying 91 persons over the Gulf of Mexico. With a pistol in each hand, he told passengers he wanted to go to Cuba to help anti-Castro political prisoners, and fired several shots into the plane's floor before being subdued.

A dozen United States space officials were aboard, including Christopher Kraft, director of American space flights.

The month before that, in Oct. '65 a 20-year-old Cuban refugee, Luis Medina Perez, failed in an attempt to force the pilot of a National Air Lines plane to fly to Cuba while on the way from Miami to Key West, with 27 passengers aboard.

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