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THE WHITE HOUSE
WASHINGTON

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July 27, 1966

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MEMORANDUM FOR

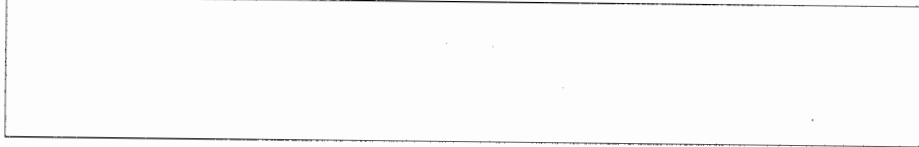
The Secretary of State
Administrator Gaud
Director Helms
Secretary Resor
Assistant Secretary Gordon
Ambassador Anderson

SUBJECT: Presidential Directives on Panama

In order that we all have a clear understanding of the directives given by the President at the conclusion of our Panama review meeting on Tuesday, July 26, I have thought it useful to recapitulate them as follows:

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1.



2.

Assistant Secretary Gordon is to establish a Contingency Planning Group and immediately to proceed to develop alternative courses of action should the treaty negotiations reach an impasse. Ambassador Irwin will give special attention to determining maximum concessions which we might make to the Panamanians, taking into consideration the requirement to retain United States control of operation and defense of the Canal and what the Congress is likely to accept. Assistant Secretary Gordon and Ambassador Irwin will work closely together in carrying out their respective assignments and both keep Ambassador Anderson fully informed.

3.

Assistant Secretary Gordon, in consultation with Administrator Gaud, is to:

- a. establish a group to review actual and planned assistance to Panama with a view to developing

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1/2, 4-41.

NSC review completed

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State Dept. review completed

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1. The political and security climate of Brazil in mid-1966 is considered stable and it is expected to remain substantially unchanged during the second half of 1966.

2. Brazil has experienced several recent acts of terrorism which were directed against United States property in the country. A bomb exploded in the corridor of the American Consulate in Belo Horizonte on 20 September 1965. A small explosive device was set off at the USIS Information Center in Brasilia on 29 June 1966. An arson attempt was directed against the Belo Horizonte Bi-National Center on 14 June 1966. On 26 July 1966 a bomb of undetermined size was exploded at the USIS theater in Recife. Although no American injuries were sustained in the above terrorist acts and damage in most instances was minor, there exists no guarantee that advance notice and adequate protection of United States property can be obtained against isolated terrorist acts. On the other hand, the Security Forces of Brazil are considered capable of controlling all organized disturbances and can detect any major plans for disruptive or terrorist actions by organized groups. The most serious act of terrorism which coincided with the bombing of the USIS theater in Recife on 26 July 1966, was an airport explosion in Recife. Two Brazilians died as a result of this explosion which occurred within 15 minutes of the scheduled arrival of Marshal Costa e Silva, the Government candidate for the Presidency in the October elections.

3. Subversive organizations with limited capabilities of mounting acts of violence in selected areas of Brazil are the following:

a. The Brazilian Communist Party (PCB), the orthodox, Soviet-line party with approximately 20,000 hard-core members and an estimated strength of 100,000 sympathizers.

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b. The Communist Party of Brazil (CPB), the pro-Chinese Communist-line party with an estimated hard-core numerical strength of 500. Some of its younger elements have undergone guerrilla warfare training in Communist China and have returned to Brazil.

c. The Peasant Leagues were an effective force in Brazil only from roughly 1961-1963. They were capable of rural agitation, mostly squatting, occasionally a small peasant strike, even more occasionally a small fire-fight against local owners. While its leaders claimed the Leagues had up to 20,000 members (or more) in fact, the Leagues had only a small core of full time workers, very loosely organized peasant groups on the farms and little real political power. It also attempted to set up a clandestine guerrilla arm of about 30-100 members but quickly ran afoul of the law in this effort. Since the revolution of March 31, 1964, with its prominent leaders either in exile, in jail, or in hiding, the Leagues have collapsed.

4. The following political and institutionalized categories for diverse reasons have varied potential to upset the heretofore described stability found in Brazil:

a. Because the label hard-line has been indiscriminately applied to all manner of groups in Brazil, there is widespread confusion both in and outside of Brazil about what the label signifies. In its broadest meaning, when used as an adjective, it means any group in favor of rooting out corruption and Communism from Brazilian political life. In a narrow sense, when used as a noun, it refers to a small, predominately military group which played an important role in the 31 March 1964 Revolution and which now insists that the Brazilian Government not be returned to any of the groups which ran it prior to the Revolution, i. e., the Vargas inspired forces.

b. There are a smattering of extreme right wing groups in Brazil, none of which carry much political weight. The

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150,000 in the Brazilian Army, 105,000 in the militarized police force, and 50,000 in the civil police force.

A. Situation report on Brasilia, Federal District:

(1) Airfields

The Brasilia Airfield and the Brasilia Military Airfield, which are located side by side, handle commercial jet aircraft on a daily basis. The strip is of sufficient size to handle 707s.

(2) Hospital

There is one hospital in Brasilia, a government-operated one, which is, according to the Brasilia post report, believed adequate only for out-patient treatment and in-patient treatment for emergencies. There are 50 to 60 doctors on the staff, approximately 40 nurses and 150 nurses aides. The hospital now has 500 beds crowded into a space designated for 260 beds because it continues to be the only medical facility of any substance in the Federal District.

(3) The subversive presence in Brasilia is:

(a) The Brazilian Communist Party (PCB) evidently small (perhaps 100 members) and apparently largely inactive.

(b) The Communist Party of Brazil (CPB) probably even smaller than the PCB. However, it should be noted that the CPB has been reported on various occasions to be carrying out some military type training in the state of Golas, which surrounds Brasilia, and the CPB follows the violent Chinese line of Communism.

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(c) **POLOP (Workers Politics)** -- a student organization evidently quite similar to the CPB in its thinking. It was overtly active in Brasilia prior to the 31 March 1964 Revolution but has become a clandestine organization since that time.

(d) **AP (Acao Popular)** -- another clandestine student organization with some strength at the University of Brasilia.

(4) Security Forces

Military. The Eleventh Military Region is headquartered in Brasilia. The Battalion of Presidential Guards is stationed in Brasilia. A regiment of infantry is stationed in Goiania, Golas, roughly 90 miles away.

Police. The DFSP is headquartered in Brasilia. Most of the DFSP facilities in Brasilia are used for national police training, support and administration. The DFSP does have an investigating section; however, this section, while maintaining a number of employees, carries out few operations. Also located in Brasilia is a Police of the Federal District which is under the control of the Secretary of Public Safety of the Federal District. The DFSP and Federal District police have cooperated in the past to provide security for chiefs of state visiting Brasilia such as Charles de Gaulle, the Shah of Iran and others.

(5) Local Officials

The entire upper echelon of the Brazilian Government is headquartered in Brasilia. It is the location of the President, the Supreme Court and the Congress. The Mayor is Engineer Plinio Catanhede. The Commander of the Eleventh Military Region is Brigadier General Jose Nogueira Paes. The Commander of the Presidential

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Guard Battalion in Colonel Oswaldo Carvalho. The head of the DFSP is General Riograndino Krueh. The Chief of the Police of the Federal District is Colonel Cabral.

B. Situation report on Crato, Ceara, Brazil.

(1) Airfield

(a) One (1) in Crato which handles Varig DC 6B, DC 3, and C-46's in regularly scheduled weekly flights.

(b) One (1) outside of Juazeiro de Norte about 7 to 11 miles east of Crato which appears to be a large facility. No data is available on actual size of strip. Latter field handles scheduled Varig DC-3 flights.

(2) Population

About 15,000 to 20,000 on Northern slope of Serra de Araripe, 250 miles SSW of Fortaleza. It is a rail terminus and important commercial center for agricultural produce of the interior (cattle, hides, skins, cotton, sugar, rubber, tobacco and sugar milling). It has an experimental livestock institute, corn storage plant, and electrical equipment factory.

(3) Terrain

The area of the airport is from 0 to 100 meters in altitude and appears relatively flat. There are hills of 100 to 200 meters high, 3 to 8 miles west and south of airstrip.

(4) Security Forces

The Headquarters of the Fourth Army is located in Recife. The Army complement totals 17,000. Some of

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this force could be made available as a security guard in Crato. There is a small state police force of probably 5 to 10 men in Crato. The main army units in Forteleza consist of one (1) undersized infantry battalion and one (1) undersized regiment in Recife with support troop. The unpaved road complex to the interior of Ceara is so bad that troop movement to the area to meet a 24-hour requirement is only possible by airlift. Forteleza and Recife are about 1:40 from Crato by DC 6B.

(5) Communications

State police, Varig and the Department of Civil Aviation of Brazilian Government and Brazilian Air Force (FAB) and, possibly, the Department of Telegraphic Communication (DCT) of the Brazilian Government should have radio or cable links with Crato. Messages would take 6 to 8 hours to transmit. Crato has at least two (2) commercial radio stations (Radio Araripe and Radio Educadora).

(6) Subversive Potential

There is very little evidence of PCB, CPB, or Peasant League activity in area. In April 1965, however, there were signs of "Yankee Go Home" painted on building walls located near new, large industrial developments.

(7) Hospital Facilities

The medical facilities in Crato are probably limited to one or two competent doctors and an aid station. The closest hospital is probably located in Forteleza or Recife.

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(8) It should be noted that there is a dearth of information concerning the Crato area because of its relatively isolated geographic position. However, it is a part of the Northeast area which is one of the major depressed areas in the hemisphere, and thus has been in the past fertile grounds for agitation and dissension.

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