

(Industrial Workers Pension Institute). He was elected with the open support of Mr. Waldemar Luiz, President of the IAPI. Mr. Luiz is also a Communist Party member, a member of the Guanabara Shoemakers' Union and a newly-elected federal deputy of the PSB (Socialist Party of Brazil) from Pernambuco. (OFFICIAL USE ONLY)

Comment: There has been a great increase in the tempo of Communist penetration of the Brazilian labor unions and Brazilian government labor institutions in recent months. This example is one of the most recent and worrisome. The IAPI has huge funds at its disposal, the use of which will now be even more influenced by the Communists than in the past. (LIMITED OFFICIAL USE)

11. French Debt Negotiations Raise Protests

According to press reports, the Council of Ministers has approved sending a special mission to France to settle long-standing French financial claims (1) for expropriation of port of Para (Belem), (2) against Companhia Nacional de Alcalis for equipment imports, and (3) for expropriation of Vitoria-Minas and São Paulo-Rio Grande Railroads. This action by Council has been strongly attacked by Rio newspaper Correio da Manhã as improper and incompatible with Brazil's current exchange stringency. (UNCLASSIFIED)

Comment: These expropriation cases, in particular, have a long history of litigation, study, claims and counter-claims which can provide much grist for mill of anyone wanting to delve into the question. The decision of the Council of Ministers to try to reach a final settlement with France on these matters, at this time, seems another move in the government's attempt to clear the way for the forthcoming San Tiago Dantas mission (see Item 4), and for eventual new credits from the U.S. and Europe. (LIMITED OFFICIAL USE)

MILITARY

12. General Oromar Osorio Named Commander of Divisional Artillery, First Infantry Division. General Oromar Osorio has been named to command the Divisional Artillery of the First Infantry Division, replacing General Punaro Bley. General Osorio has been the commander of the First Cavalry Division in the city of Santiago, Rio Grande do Sul. (UNCLASSIFIED)

Comment: General Osorio, the first general to publicly back the return of then Vice President João Goulart to complete presidentialism, has remained in the background up to this point. Reportedly, he has been unhappy over not having received a reward for his efforts during the July-August 1961 crisis and his assignment to the Vila Militar garrison adds another building block to the forces of General Osorio and his nationalist entourage. General Bley, presently unassigned, will revert to inactive status pending retirement to the reserve component of the Army. (OFFICIAL USE ONLY)

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only to "rural real estate." Any legislation which does not include constitutional amendment would lead to inflation-aggravating advance cash payments. (OFFICIAL USE ONLY)

MILITARY.ARMY1. Army Troops Disperse Striking Students

Three platoons of Brazilian Army Military Police used night sticks to disperse striking students of Rio de Janeiro's Chemical Technical School. The students, striking in protest against lack of space in which to use the school's scientific instruments, gathered in the courtyard of the Ministry of Education in Rio to proclaim their cause. Ministry officials informed the students they must take leave of the premises within a specified time and promptly notified headquarters 1st Army when the students failed to depart. Within the hour, the Army troops arrived, at which time the students began singing the National Anthem while several students wrapped the Brazilian flag about their bodies. As the shoulder-to-shoulder wedge of troops began forcing students from the area, several resisted and force was applied.

Comment: The swift arrival of the Army troops results from the fact that First Army units are presently assisting civil police agencies in a crackdown on crime in Rio de Janeiro. Army units have been assigned to guard all Federal buildings and were almost immediately on the scene after being called. (UNCLASSIFIED)

2. Brazilian Army General Promotions

On 25 March President Joao Goulart signed decrees promoting the following Army officers: Major General Pery Bevilaqua to Lt. General; Brigadier General Oromar Osorio to Major General; Brigadier General Francisco Damasceno Ferreira Portugal to Major General; Colonel Lindolfo Ferraz, Filho to Brigadier General.

Comment: Immediate command changes within the general's rank are not foreseen as a result of these promotions. General Oromar Osorio is scheduled to replace General Maggessi as Commanding General of the 1st Infantry Division and Vila Militar, while General Lindolfo Ferraz will remain as the Chief of the War Minister's Cabinet. (UNCLASSIFIED)

3. Albino Silva announces new pay scale

The Chief of the President's Military Cabinet, General Albino Silva, announced March 25 the new pay scales which will apply for civilian and military personnel. The increases vary between 56 and

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