

TELEGRAM

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24
Date: 26 Oct 64
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TO: SECSTATE 60 ~~XXXX~~ PRIORITY

INFO: RIO 63 PRIORITY

REF: BRASTEL 58

AGRARIAN REFORM.

1. Constitutional amendment submitted Congress, as compared preliminary draft released to press October 4 as basic discussion, apparently compromise designed to meet objections UDN leadership and some sectors PSD. Amendment has been ~~"sweetened"~~ "sweetened", as press terms it, by leaving imposition land tax to states, even though generally agreed that effectiveness tax as instrument land reform would have been substantially greater in federal hands.

2. Other aspect of "sweetening", as president said in message accompanying amendment, is that under latest draft, expropriation with payment in government bonds limited almost exclusively to unproductive latifundia. Castello Branco had stressed government's desire to modify constitution little as possible, particularly re property rights, keep agrarian reform within democratic framework and avoid agitation and demagoguery which accompanied earlier reform projects.

3. This and other aspects government's overall agrarian plans will be clarified next week when final version draft land statute to be sent Congress.

4. Discussion among Congressional leaders of president's proposals has been hot as ever this week. Picture complicated by strained party and Congress relations vis-a-vis government arising from other political develop-

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ments. (Imminent UDN convention, Ceará and Maranhão state deputy investigations and chiefly São Paulo investigations involving PSD presidents of Camara and Senate.)

5. All parties split on views of proposals, but since UDN President Bilac Pinto and party leaders Pinto Pedro Aleixo and Ernani ~~St~~ Satiro have come around to supporting latest version amendment, appears majority UDN will support. PTB much more favorable earlier, stronger amendment, but unlikely oppose current version strongly. Vociferous minority PSD element ~~XXXXXX~~ (chiefly Minas bench) continues fight shy constitutional amendment, but substantial numbers PSD bench nevertheless in favor.

6. Complicating side issue arose over Oct. 22 election officers joint committee to study bill, when PSD/PTB members agreed on PSD Senator Leite Neto for chairman, without considering UDN views. UDN walked out of meeting in protest, but with help small party representatives PSD and ~~PTB~~ PTB made up quorum and elected Leite Neto in spite UDN absence. PTB Deputy Cid Carvalho, who favors much more radical amendment then selected rapporteur. This understanding between PSD and PTB members committee aroused ire of right wing PSD group, who allege Carvalho will attempt sabotage amendment.

7. Whether additional PSD-PTB maneuvering against UDN to characterize debate will not be clear until next week. For present, total forces in favor government amendment seem strong enough to assure passage.

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8. Calendar calls for joint committee to present report October 30
and inclusion amendment on agenda joint session Congress by November 4.
Under Ato Institucional, Congress has until November 19 to complete action.
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