

TELEGRAM

Foreign Service of the
United States of America

INCOMING

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ACTION DEPT PRIORITY 569 BRASILIA ROUTINE 60 CINCSO FOR POLAD 42

REF: DEPTTEL 390, Brasilia Tel 33

POLITICAL

As indicated Embtel 549, embassy sees little direct connection between Brasilia disturbances and recent strikes. Santos and life textile strikes had heavy political overtone but apparently unrelated Brasilia events. Threatened bank strikes nullified by Bank Holidays called by Minister Finance for September 12 and 13, to prevent run on banks. FinMin has often resorted such action in past (e.g. Quadros resignation, Caxias riot, etc.)

Lack of any pre-established connection between events does not, however, preclude possible exploitation by labor elements. Jornal do Brasil reports that CGT directorate September 12 declared "alert" for organization and threatens general strike if proposals carried out against Brasilia rebels.

Evidence that GOB itself might be concerned about such possibility comes in uncharacteristic statement by Justice Minister Jurema who quoted September 13 press as saying "political strikes are illegal and GOB will take steps against strikes of agitation".

On subject foreign exchange, trading in various markets has continued although during past two weeks there has been such confusion as result of issuance SUMOC Instruction 244 (embtel 498 and previous).

GP-3.

MEIN

No action

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