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Monthly Summary, March, 1967

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1. Castelo Branco Out -- Costa e Silva In

Without exception the Bahia press heaved a collective sigh of relief with the passing of the Castelo Branco government. Some editorialists gave it due credit for curtailing inflation, re-establishing international confidence and putting the country on an even keel, but most believed the medicine prescribed had almost killed the patient (department of mixed metaphors). Castelo Branco was severely criticized for the rash of decrees he issued in the last days of his mandate, with the National Security Act and the decree permitting foreign participation in scientific, artistic and cultural publications being particularly denounced. The punitive nature of his regime was hit and Roberto Campos blamed for Brazil's economic "stagnation".

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The Costa e Silva inauguration comes on a tide of high optimism, and it is universally hoped that the new president will use his broad powers wisely and bring much needed relief to the working classes and business community. The revolution is described as entering its second or "decompression" phase after three years of arbitrary rule. Most observers are impressed with Costa e Silva's sincere desire to humanize his government, but many are adopting a "wait and see" attitude.

## 2. Bahia Gets Its Ministry

Succumbing to political pressures, President Costa e Silva made a last minute switch in his cabinet appointments, naming Carlos Furtado Simas, former President of the Telefones de Bahia S.A. (TEBASA) as the new Minister of Communications in place of General Candal da Fonseca. This greatly pleased Bahianos who had felt that their state deserved some recognition for its impressive forward thrust of the last 4 years. Simas has already announced that a new telex system linking Salvador with other principal Brazilian cities will be in operation within 90 days, and he has promised to give priority to improving telegraph and postal service in the nation with emphasis on north-south facilities.

## 3. Municipal Elections - Sergipe

Mayors of 74 municipalities (not 69 as reported in Contel 124 of March 16) in the State of Sergipe and 18 aldermen for Aracaju who were elected on March 12 took office March 30. The ARENA party seated 72 mayors, MDB 2, but ARENA was unopposed in many municipalities. In the city council ARENA won 11 seats, MDB 7; Rosalvo Silva (ARENA) was elected president of the chamber. Diocleciano Vieira, MDB candidate for Mayor of Ilhéu Cristovão, was not allowed to run due to a successful impugnation action brought by the ARENA party.

## 4. Complementary Act No. 37 Puzzles Bahia

The CA created great confusion in local political circles because of its ambiguity in relation to Bahia where the winners of municipal elections held on November 15, 1966 had not yet been seated. Article 1 reads: "Elective municipal mandates about to expire are extended until January 31, 1969 and the respective elections will be held on November 15, 1968". Everyone except mayors who had not been re-elected believed the CA did not apply to Bahia and ascribed the mix-up to presidential oversight. On March 27 the Regional Electoral Tribunal (TRE) confirmed this interpretation, but because of an identical situation in Ceará where the TRE considered itself incompetent to judge the issue, various mayors decided to take the matter

to the courts. Comment: It will be interesting to see whether mayors in the contested municipalities will actually be seated on April 7 as the court decision is not expected by that time.

#### 5. Salvador MESA Elections

In a hotly disputed contest for the presidency of the municipal executive committee (mesa), ARENA candidate Paulo Magalhães Dantas won over the incumbent president Edil Antonino Cazaes (MDB) by a vote of 11 to 7 with one blank. ARENA controlled the municipal chamber by 10 to 9, but the outcome was in doubt because Cazaes has held the presidency for the last 4 years and was the most voted MDB candidate last November 15. Dantas' election is considered a victory for Mayor Antônio Carlos Magalhães and Governor-elect Luís Viana Filho, both of whom gave him their support.

#### 6. Vice-Governor Elect Accused of Profiting from Devaluation

On March 7 MDB national vice leader Mário Piva accused Jutahy Magalhães of purchasing \$100,000 after being informed that the devaluation would occur at Carnaval time. Jutahy answered that he had not bought even one dollar and said he would renounce his mandate as Vice Governor if Piva could prove his charge. On the other hand, he said such libelous conduct should not go unpunished, and if the accusation were not proved, Piva should renounce his mandate. Minister Juracy Magalhães got into the act in defense of his son denying the Rio press allegations that he had given the devaluation tip-off. The ARENA bench in the Legislative Assembly then gave Jutahy a vote of confidence, but MDB members abstained saying Mário Piva could not have made the accusation in the absence of proof. The letter claims to be in possession of an incriminatory document which will be turned over to a parliamentary commission of inquiry (CFI) at the "appropriate time".

#### 7. Police Put Down Student Demonstration

Approximately 100 university students participating in initiation ceremonies (trote) on March 30 created a ruckus in the center of the city shouting "down with dictatorship" and waving crudely made placards protesting the USAID-MEC Agreement, "American Covetry of Our Oil" the Security and Press Laws and the new Constitution. Military Police quite brusquely took away the placards and, according to the Jornal da Bahia, brutally cuffed and used night sticks on some of the ringleaders. Two boys and a girl were taken to police headquarters for a lecture and release. Comment: The Secretary of Public Security informed the Consul that this report was highly exaggerated. He said the girl had called a soldier a dirty name and otherwise

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provoked him to grab her by the hair and slap her open palm with the night stick. In his view the students were putting up a trial balloon and learned the hard way that police vigilance has not slackened under the new administration.

### 8. Labor Affairs

The formation of unions among rural agricultural workers is proceeding very slowly in Bahia. In the first three months of 1967 eight unions were recognized and held X elections, most of them located in the cocoa zone. Another 9 have applications pending. It is estimated that up to 100 rural trade unions may eventually be formed from the old associations of agricultural workers. Before 1964 there were 58 rural trade unions but not all were recognized by the Ministry of Labor. There is one federation of farm owners and one of the workers. Collective bargaining also has been slow to catch-on here; at the moment the arrumadores and cinematograficos have such petitions pending.

Reliable statistics on unemployment are unavailable, but the Consulate has been given the following estimates: Metal working industry, about 15% unemployment in 1966 with no change so far this year; unused capacity around 30%. Food industry, no significant unemployment, even slight optimism for improving sales from some firms. However, a macaroni manufacturer reports that southern competition is hurting his business which has to rely on old machinery. In his case unused capacity is about 40% and the situation is becoming worse. Textile industry, reports no significant unemployment in 1966-67 and no unused capacity. According to the textile workers' union, there were 196 hirings and 225 terminations during 1966 and so far this year 106 hirings and 88 terminations. Shoe industry, had a bad year in 1966 with production decreasing by about 40% and causing a 20% unemployment rate. The root trouble is no money for shoes and competition from the south. In all instances the persons interviewed expressed the hope that business would improve as Costa e Silva relieves the suffering of the people. According to Regional Labor Delegate, Anadiz Barreto, total hirings (admitidos) in 1966 were 44,746 terminations (dispensados) 43,159.

The commercial workers of Salvador were awarded a 28.10% salary increase on March 12 over the rate in effect on January 3, 1967. The union registered a protest with the mayor's office that a large number of commercial firms are not observing the English work-week. The Professional Journalists Union of Bahia was unable to arrange a quorum in three attempts and the Regional Labor Delegate has decided to appoint a three member governing junta; his alternative was to appoint an adminis-

trator. Assis Barreto is anxious to resign, but he has not heard from the new Minister of Labor. He is a bit discouraged because the federal government has seen fit to provide substantial money to the Ministry of Agriculture and INDA for rural activities whereas the Ministry of Labor has received no financial help for developing rural leadership.

#### 9. Real Estate "Scandal"

The acquisition of large tracts of lands in western Bahia and other states by foreigners, principally Americans, has attracted considerable comment in all local newspapers. The majority of the complaints have been directed against real estate dealers, public officials, and other Brazilians involved in the scheme, but virtually all articles have described these entities as only a front for "grupos estrangeiros" and some have termed the problem a threat to national security and an injustice to families who have occupied these lands for generations. State Deputy Adão Souza apparently inspired the most recent flurry of reports in remarks before the Legislative Assembly, and the Department of Lands in the Secretariat of Agriculture confirmed that such sales were taking place but that the Secretariat lacked the resources to make an investigation "in loco". (Secretary Alice previously informed the Consulate that the lands in question are state lands subject to a limit of 500 hectares per head of family). It was announced several days later, however, that a report by the Registry of Lands had been sent to the Procurador Geral da Justiça denouncing the illegal acquisition of 582,000 hectares in the region of Correntina by "elementos estranhos". Among the intermediaries specifically mentioned in previous reports were the agencies "Cacique", "Brasília" and "Alvorada", operating out of Brasília; Senator Paulo Ramos of Paraná; Judge Homero Machado Coelho of Taguatinga, Goiás; and the Resende family of Rio Grande do Norte. Comment: This is an emotionally exploitable issue enhanced by a lack of solid information and the vagaries of land titles in this part of Brazil.

#### 10. Bahia Protests Circulation Tax Increase

The increase in the Circulation tax which was decided by a vote of 7 - 1 (Bahia dissenting) in the Council of Secretaries of Finance of the Norte-Nordeste has had a generally critical reception in Salvador. Opponents decry the precipitous manner in which the new regulation was implemented and point out that the drop in tax collections, the justification for the increase, is a seasonal phenomenon and would have returned to normal in a short time. The cocoa exporters were particularly unhappy over developments because they had already purchased up to 300,000 bags of the new tempofo

for export after June 1, and had calculated their purchase prices on the basis of a 15% tax. The trade is continuing its efforts to get a modification of the law to at least maintain the tax at 15% for those transactions already made in the interior.

### 11. Psychological

Domestic affairs - politics, new national and state administrations, calamities in Rio and on the São Paulo Litoral have held public and media attention during the reporting period. Alliance for Progress accomplishments and new loan ceremonies received more-than-usual attention in the papers. The Viet Nam conflict continues to rate daily press coverage, with each new U. S. policy move and development in the search for peace getting headline treatment. JORNAL DA BAHIA's Helington Rangel published a long article entitled "Johnson in Search of Lost Time", a rambling and complaining review of U. S. policies in Viet Nam and Latin America, without point or conclusions.

Big Jim Garrison's show in New Orleans has rated a big play. In Bahia, as elsewhere, there is an almost universal tendency to feel that the truth of Kennedy's assassination is yet to be learned. And the Associados media have gotten busy resuscitating the TIME-LIFE-GLASSO holy crusade, beatifying Associados Deputy Joffe Calmon and replaying the whole bit in articles from Rio and São Paulo papers and original editorials. The public still couldn't care less.

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### Contributors:

NECollins, items 9 and 10  
JANson, item 11