CONFIDENTIAL

A-49

Department of State

Info: Rio de Janeiro, Brasilia

Amconsul Porto Alegre

June 7, 1967

Background on the Perrachi Story in the Jornal do Brasil

1. In a recent story the Jornal do Brasil said Governor Walter Perrachi Barcellos was about to withdraw from the governorship because of ill health. Perrachi denied the report the following day, and his denial was published in <u>O Globo</u> in Rio de Janeiro. The Jornal do Brasil pointed out the grave constitutional implications should Perrachi resign. The constitutional problem arises because, in the absence of a vice governor, the next in line of succession is Carlos Santos, President of the Legislative Assembly, who is a member of the MDB.

2. Some time ago the <u>Jornal do Brasil</u> approached Perrachi about doing a special supplement on Rio Grande do Sul. Perrachi refused on grounds of economy since, although the state could have used the publicity if it were free, the special supplement would in fact cost the state a good deal of money. Confidential sources in the palace believe the <u>Jornal do Brasil</u> story was partly revenge and partly a means of demonstrating the power of the press to Perrachi.

3. Perrachi has, in fact, been suffering from ill health (see A-42) but he has improved markedly in recent weeks and is now able to carry nearly a full work schedule.

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