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2. Peasant Rally in Sergipo March 29

3. Northeast Mayors' Meeting in Salvador April 8

4. Sergipe Governor Doria Taking Leave to Campaign

LEASE 5. Bahia Finance Secretary Threatens to Resign

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BELLMAN POINT AT LOUDSING ON PARTIES FOR THE DOWN THE SECOND SECOND 1. Reaction to Goulart's Rally of Friday the 13th

In the days following the Guanabara Hally and the announce-POLAD ment of the SUPRA and refinery expropriations, Babia exhibited CINCSO an air of tenseness such as has not been seen in recent months. and POLAD Military forces were in a state of alort, which was particularly CINCLANT noticeable at the local air base (which has been used as the and passenger terminal while that area has been under repair) since Amconsul, private passengers were allowed to board their planes only when Belo escorted by an airline vehicle. Rumors, such as one to the ef-Horizonte fact that a revolution had broken out in Sac Paulo on Herch 18 and that Luis Carlos Prestes had been assassinated in Guanabara on the same date, floated hectically through town, end the dollar exchange rate skyrocketted.

Local political forces seemed to divide almost evenly between applauding and denouncing the President's decrees, with a predictable rightleft divergence, and such middle of the cour bedieve and previous as as assert again that the asserts as set as the

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INTO: Amembassy, Rio de Janeiro and Brasilia Amcongen, Recife

SECRETARIA DE MONKLY Summary de Secretaria de La Secretaria de Secretari

American Consulate, SALVADOR March 20, 1964

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roaders as Governor Lomanto Junior equivocally calling on Congress to give serious consideration to the constitutional reforms which the President also announced he was sending to that body, without actually pronouncing himself in favor of the reforms. The Legislative Assembly similarly wobbled about the center by passing a resolution expressing its confidence in the National Congress, but with an amendment added by the leftist forces calling upon it to give urgent consideration to the President's proposals.

Despite an apparent even split on the merits of the proposals enumerated by the Fresident, a clear majority of local observers appeared to strongly oppose the demagogic method by which he put forth his proposals and decrees. Hany commentators expressed uneasiness that the comicio of the lith could be the first of a number of similar rabble-rousing attempts to railroad other amendments through — including the much discussed and much feared legalizing of a second term for the Fresident.

(For press reaction to the Goulart relly, see "Paychological".)

2. Peasant Relly in Sergipe March 29

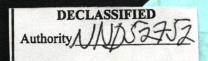
The local press has carried notices that the I Smeatro de Gamponeses will be held at Aracaju, Sergipe, on March 29. Governor Arrais of Pernambuco has been invited to speak, and workers and students will also participate. The rally may additionally serve as the point of founding an "Arrais for '65" committee in Sergipe.

3. Northeast Mayors' Meeting in Selvador April 8

Salvador Mayor Virgildasic Sens has sent out invitations for the "first meeting of mayors of the large municipalities of the Northeast" to be held in Salvador from April 3 - 11. The three principal themes to be discussed at the meeting are: (1) "The strangling of the large municipalities of the Northeast" (internal migration, urban unemployment, housing, supply, and community development); (2) "The large municipalities and economic social development of the Northeast region" (industrialization, social development, agricultural problems); (3) "The large municipalities of the Northeast and the policy of the Federal Government" (regional problems, SUDENE, financing through the Bank of the Northeast).

President Goulart has been invited personally to attend and has allegedly accepted. He will reportedly use the occasion to sign a decree creating the Council of Urban Pelicy. Additionally, acceptance notices had arrived as of this date from 24 mayors of principal

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Mortheastern cities, including the mayors of Aracaju, Recife, Campina Grande, Natal, Mossoro, Terezina, Fortaleza and São Luiz.

Comment: Virgildasio Same, Salvador's mayor and host at the gathering, is following Governor Lomanto's lead in convening a conference
of his peers largely for the purpose of boosting (or in this case,
creating) his national stature. Seme, a capable administrator and
in recent years friendly to the United States, nevertheless stands
considerably to the left of Governor Lomanto. This political position, plus the attendance of such leftist mayors as Djalma Maranhao
of Matal and Francisco Pinto of Feira de Santana, and the natural
inclination to compliment President Coulart (particularly if he is
present) will undoubtedly cause the Mayors' Conference to assume a
considerably more leftist tinge than did the recent Governors'
Conference, with the possibility of a pro-constitutional reform
resolution's being passed.

4. Sergipe Sovernor Doria Taking Leave to Cempaign for Coulart's Reforms

Active little Governor Seixas Doria requested the Legislative Assembly of Sergipe to allow him to leave the governorship for a period of thirty to sixty days in order to accept an invitation from President Soulart to "collaborate in the reform campaign."

Boria indicated that he will travel throughout the nation, heading a caravan of Deputies of the National Parliamentary Front and student and labor leaders, staging rallies in favor of Goulart's program.

Comment: Doria, who has been criticized by many observers in Sergipe as continuing to set "more like a Federal Depity than a Governor", obviously continues to fecus his principal interest on national politics rather than on the affairs of his state. He antagonized conservatives by rushing to address leftist groups at the recent Governors' Conference in Salvador, and was one of the speakers at the March 13 rally in Rio. His opposition-dominated Legislative Assembly may well grant his petition, however, in order to get him out of the state and temperarily turn over state affairs to the more traditionalist center-conservative vice-Governor, Celeo Cavalho of the PaD.

5. Bania Finance Secretary Threatens to Resign

Local political circles were in a flurry during the week, when Honorato Viana (VDW), Babia's honest and hardworking Pinance Secretary, who is one of the mainsteys of Governor Lomanto's administration, announced that he was submitting his request to resign. Viana's alleged reason for taking this step was sensitiveness to criticism by state employees for his not initiating February salary

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ayments until March 18. (He explained this logically enough by showing that the each box was empty.)

Comment: Actually, Viana was undoubtedly trying to force action on the part of the Governor to back his continuing program of fiscal reform, which he will probably receive upon the Governor's return from Rio de Janeiro at the end of the week. If such support is forthcoming the resignation will, of course, be withdrawn. If not, Governor Lomanto's administration will have lost its most effective and possibly its most homest component.

6. Governor Lomanto Discusses USAID Public Safety Agreement with Leftist Students

Initiating his previously reported policy of open discussions with popular groups, Governor Lomanto of Sahia met in the University restaurant with a large student group early this week, to whom he reaffirmed his democratic and reformist principles and convictions. During the question period, he was grilled regarding the USAID/State of Bahia Fublic Safety Agreement, with his interrogator charging that American agents had, through this step, assumed control of Bahia's police. Lomanto defended the agreement as a strictly technical assistance program, and offered to give the students' organization copies of the applicable convenies. Following the student meeting, Governor Lomanto left for Rio where, among other things, he intended to invite President Goulart to participate in the ceremonies of his first anniversary in office.

Comment: We have received unconfirmed reports that there is a national campaign by the Brezilian University Students' Union and communist elements against the USAID public safety programs. During the past week the leftist press attacked the American technician in Bahia as having something to do with a police raid on the residence of several leftist students (allegedly seeking narcotics). This untrue charge has been repeated in the State Legislative Assembly by a leftist Deputy.

7. Psychological

The meeting of March 13 was practically the sole topic of comment by the non-left press. However, the leftist JORNAL DA BARIA editorialized on practically everything else save that topic, though it gave generous space in its news columns to actions stemming from the meeting.

The DIARIOS ASSOCIADOS and A TARDE called up all their artillery and hasmered away at four points: (1) Brizzola's and Goulart's speeches were "a violation of the Constitution and the laws, an affront to juridical order and an insult to political institutions" (DIARIO DE NOTICIAS); (2) The road chosen by the President "threatens to open

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the doors of the defenseless country to international communisms (A TARDE), or, alternatively, the meeting was a "nazi-fascist spectacle, that lacked not a single thing which characterized the meetings of Mitler and Mussolini" (ESTADO DA BARTA); (3) the President, "better than anyone else, knows that the SUPRA decree is legally unworkable...and is directed exclusively to provoking agitation in the rural zone" (ESTADO DA BARTA); (4) the COT manifesto was an affront to democracy and was part of a plan to "demoralize the Congress" (ESTADO DA BARTA).

Variations on these themes appeared on the front pages as well as the editorial pages.

DeGaulle's visit to Mexico had favorable and front page coverage, but generated no significant comment.

Herold H. Midkiff
American Consul

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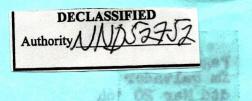
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