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DEPARTMENT OF STATE  
INFO: Amembassy, Rio de Janeiro and Brasilia  
Amcongen, Recife

Despite an American Consulate, SALVADOR ... March 20, 1964  
Weekly Summary

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OUTSIDE OF US GOVERNMENT OFFICES

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1. Reaction to Goulart's Rally of Friday the 13th

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

Local political forces seemed to divide almost evenly be-  
tween applauding and denouncing the President's decrees, with  
a predictable right-left divergence, and such middle of the  
road notices had arrived as of ...

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readers 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 President, a clear majority of local observers appeared to strongly oppose the demagogic method by which he put forth his proposals and decrees. Many commentators expressed uneasiness that the conicio of the 13th could be the first of a number of similar rattle-raising attempts to railroad other amendments through -- including the much discussed and much feared legalizing of a second term for the President.

(For press reaction to the Goulart rally, see "Psychological".)

## 2. Peasant Rally in Sergipe March 29

The local press has carried notices that the I Encontro de Camponeses 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 Salvador April 8

Salvador Mayor Virgildasie Sena has sent out invitations for the "first meeting of mayors of the large municipalities of the Northeast" to be held in Salvador from April 8 - 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 Policy. Additionally, acceptance notices had arrived as of this date from 24 mayors of principal

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

Comment: Virgildasio Sena, 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. Sena, 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 Maranhão of Natal and Francisco Pinto of Feira de Santana, and the natural inclination to compliment President Goulart (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 Governor Doria Taking Leave to Campaign for Goulart'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 Goulart to "collaborate in the reform campaign." Doria 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 act "more like a Federal Deputy than a Governor", obviously continues to focus 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 temporarily turn over state affairs to the more traditionalist center-conservative vice-Governor, Celso Cavalho of the PSD.

#### 5. Bahia Finance Secretary Threatens to Resign

Local political circles were in a flurry during the week, when Honorato Viana (UDN), Bahia's honest and hardworking Finance Secretary, who is one of the mainstays 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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payments until March 18. (He explained this logically enough by showing that the cash 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 honest 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 Bahia 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 Public 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 convenios. 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 Brazilian 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 BAHIA 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 hammered away at four points: (1) Erizzola'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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