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AMERICAN EMBASSY  
BRASILIA, BRAZIL  
MONTHLY SUMMARY NO. 2

(December, 1967)

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1. Political Strife in Sergipe Continues

The assassination on August 31 of Manoel Francisco Teles, President of ARENA for Itabaiana and ex-PED, has had far reaching political repercussions in Sergipe (see A-17, October 2, 1967). Responsibility for the crime was traced to ARENA State Deputy Francisco Teles de Mendonça who has been held pending action by the Legislative Assembly on the Itabaiana judge's petition to prosecute him. The assembly's Justice Committee voted secretly to grant the petition in early November, but the measure was narrowly defeated in a vote of the full legislative body during the first part of December. This provoked the resignation of the Secretary of Public Safety, Col. Joalbo Figueiredo Barbosa, who had

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been assured that political pressures would not be permitted to interfere with Mendonça's investigation and prosecution. Shortly thereafter the Secretary of Agriculture, Hugo Schmidt, also announced his resignation and though he gave no reason, it is rumored that he was both dissatisfied because of inadequate support from the governor and disillusioned by the decision on the Mendonça case.

Also contributing to the atmosphere of political turmoil in Sergipe was the assassination on December 21 of Deputy Antônio Torres Junior, majority leader of the Legislative Assembly. He was shot by an 18 year old boy, Pedro Gonçalves Sá, who stated that he killed the deputy to avenge the fatal stabbing of his father in 1955 at Canhoba, Sergipe. He said his father had had an excellent possibility of being elected mayor of Canhoba, but the powerful Torres family contested his candidacy and arranged for his assassination.

Comment: Politics as practiced in Sergipe can be wild and woolly. The government machine in Aracaju has not functioned smoothly, nor has it been able to show much progress for the state. The difficulties are two-fold, that of the governor's lack of finesse in bringing about political harmony, and the state's precarious financial situation. Regarding the Francisco Mendonça affair, the Consulate has been told that the action of the Legislative Assembly was the result of a political deal between Senator Leandro Maciel and Governor Lourival Baptista. The governor's reward for manipulating the vote in Mendonça's favor is supposedly the not inconsiderable weight Senator Leandro Maciel will throw behind his bid for a senate seat in 1970.

## 2. MDB Councilman Attacked

During the municipal chamber session of December 14 MDB Councilman Antonino Cazaes accused Salvador Mayor Antônio Carlos Magalhães of receiving a 20% kick-back on city contracts and referred to him in generally abusive terms. The Mayor promptly took libel action against Cazaes, and a hearing was held on December 26. Upon leaving the judge's chambers, Cazaes and his lawyer were accosted by State Deputy Ângelo Magalhães, the mayor's brother, and others. Angry words from both sides led to an attack on Cazaes by Ângelo Magalhães and his friends which was joined at the end by the mayor. The fighting was stopped by the judge, but not before Cazaes had suffered facial lacerations. Cazaes immediately took the story to the press and then filed charges of physical aggression against the mayor and his brother.

Comment: This feud began in April, 1967 when popular Antonino Cazaes (MDB) was seeking reelection as president of the municipal chamber against Paulo Magalhães Dantas (ARENA). It is generally conceded that Cazaes would have easily won had it not been for the personal intervention of Mayor Antônio Carlos Magalhães. Public opinion on the assault episode has gone against the mayor, but it is probably not serious enough to permanently damage his generally excellent reputation as an honest and capable administrator.

### 3. Bahia Governor Calls for Political Pacification

During a press conference on December 19 which was attended by representatives of the national press, Governor Luís Viana Filho said that the initial step for achieving political harmony in Brazil is for opposition forces to accept the revolution as an accomplished and irrevocable fact. He said he did not expect the opposition to abandon its goals of obtaining direct presidential elections, amnesty and amendment of the constitution, but he held that they can not be made conditions for arriving at political pacification. The Governor said these changes can come only after a favorable climate has been created as determined by the President of the Republic.

Comment: Though Governor Viana could be expected to take this position, the fact that he is a well-known national figure gives his pronouncements added weight. That Bahia political life is relatively free from debilitating in-fighting is due in large measure to the governor's tactful, yet firm handling of potentially explosive issues.

### 4. Cocoa Agreement

The International Cocoa Agreement has received much attention here lately, centering around the harm the Dutch-American amendment would cause to the local cocoa processing industry. The wave of criticism has taken advantage of existing anti-Americanism, been tied into the soluble coffee controversy, and has at times appeared to be acquiring the proportions of the latter. Responsible state officials, while continuing to oppose the accord on other grounds, have tried to separate themselves from these attacks and to cool off the debate. They believe the attacks may be aided and financed by elements of the New York Cocoa Exchange and local entrepreneurs in an effort to defeat the entire agreement. State officials continue to press Bahia's case against the agreement in its present form. However, they expect that their opposition will prove futile, and that it will be signed and ratified by Brazil provided the Coffee Agreement is renewed.

### 5. Floods in Southern Bahia

Several weeks of heavy rains caused rivers to overflow in the cocoa zone in the last week of December. The Consul made a flying inspection trip of the region with Luis Viana Neto, son of Bahia's governor and State Secretary for Municipalities. Damage was heavy, and the latest reports place at 50,000 the number left homeless. In financial terms the area hurt worst was Itabuna, where flooding of the main street virtually destroyed commerce and sizeable cocoa stocks. The state government's response was rapid and well-coordinated. Assistance has been obtained from all possible sources, including a \$10,000 contribution from the Pope. The Consulate was requested to release Food for Peace workfront stocks but found the mechanism too complex; eventually Caritas released a sizeable quantity of its FFP stocks. Despite the Governor's public thanks, this American contribution has had little impact because of the delayed response.

The Bank of Brazil has provided special credits for rebuilding the commerce of Itabuna. A crisis situation has been averted with regard to disease and food. The problem of rebuilding housing remains unsolved, as does that of preventing recurrences.

### 6. Student Elections

Recent elections held in all faculties of the Federal University of Bahia for offices of the Bahia Union of Students (UEB) attracted widespread student participation. The more moderate leftist slate won the presidency and a slight majority of the contested offices. In every position the results were extremely close.

### 7. Reaction to Devaluation of Cruzeiro

State officials both publicly and privately take the position that the recent currency devaluation is to Bahia's advantage because the state's export products will now earn more cruzeiros. Press reaction is mostly unfavorable. Criticism generally focuses on the government's failure to contain inflation and on its secretive methods. A significant portion of the comment explains that devaluation was decreed to benefit foreign investors at the expense of the Brazilian people. The most influential newspaper, A TARDE, while critical of the decision, used the occasion to call for an end to "police state" monetary controls and the institution of a free exchange market.

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