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BRAZIL
STAFF SECRETARY

APPROVED SHORT TERM POLICY

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October 11, 1963



Additional material has been released as a result of this review.

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PROPOSED SECRET FIRM POLICY - BRAZIL

The following assumptions, objectives, and lines of action are intended to provide guidelines for the conduct of U.S. relations and programs vis-a-vis Brazil up to the closing months of 1964 when the campaign for the Presidential succession will be getting into full swing, looking toward elections in October, 1965. These elections, apart from other developments on the national scene, should compel a fresh look. General assumptions are set forth at some length in the belief that a very extensive change can occur on very short notice in a country situation as volatile and uncertain as that in Brazil; and if this happens, guidelines will need to be reexamined. In any event, a further comprehensive review should be made early in 1964 to consider the need for possible revisions in these guidelines.

Assumptions:

1. Goulart will continue his shifting game of political agitation, accommodation and manipulation with the objectives of (a) blunting the attack and winning at least the passive accommodation of the opposition (mainly of the center and right); and (b) maintaining his control over supporting elements in labor, the military, and other sectors (mainly of the left) while destroying or weakening those who would threaten or contest this control.

2. The demonstrated disinterest and incapacity of Goulart outside of the realm of tactical political manipulation, and the absence since last June of forceful leadership among Goulart's principal associates, makes it unlikely that he or his government will mount, much less follow through on, any substantial program of constructive economic and social betterment, especially where it involves significant measures of unpopular discipline, self-restraint or self-denial which would subject Goulart to serious political criticism.

3. While leftists and ultranationalists of various shades have for decades played significant parts in Brazilian politics and government, such individuals will continue to enjoy particular favor under the Goulart regime. Goulart will not be disposed to sacrifice the political support derived from his long-standing ties with extreme-leftist (including Communist) and ultranationalist elements, and he will continue to give them position and opportunity from which they can carry on their anti-U.S., and in some cases Moscow, Peking, or Havana communist-line, advocacy in Brazil.

4. There is of course a possibility that the extreme left, or some elements thereof, may be tempted to break with Goulart because his manipulations to stay in power will also involve accommodations to the center and right, because he does not consistently collaborate in their own efforts to achieve and consolidate power, or because he is not achieving, at least formally, alleged social betterments. Goulart's capacity for accommodation and manipulation, plus extreme leftist reluctance to give up significant benefits, plus the fact that both would lose substantial strength in separating from each other, makes this an unlikely prospect.

5. Goulart himself will probably not be prepared to abandon his accommodations with more moderate political elements, and will probably seek to curb his extremist following on occasions when their excesses provoke strong reaction in the military and other quarters. Goulart's abandonment of this line in favor of unequivocal alignment with his extremist following is unlikely unless he comes to believe that they are so strong that this step offers the best opportunity for his political survival, or that other forces are so unequivocally opposed to him that he has no alternative base of support.

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6. Ultrnationalism (whose strong manifestations in Brazil can be traced back to the 30's and earlier, and which has periodically erupted since then) will continue to find strong support in many sectors in Brazil from left to right and will continue to present problems for American diplomacy and for U.S. private enterprise in Brazil, which is currently the main target of nationalists as were British interests in earlier years.

7. Goulart will continue to reassign and promote military officers within what he judges to be the limits of political feasibility in order to strengthen his supporters and to weaken those forces which might mount a political opposition to him within the armed services. While promotions and assignments have undoubtedly weakened anti-Goulart elements and in varying degrees strengthened pro-Goulart forces, opportunists, nationalists and leftists (including extremists in the latter two categories) in the Brazilian armed services, there continues to exist in the armed services a strong advocacy of law and order, and a substantial preference for orderly democratic processes which will react against extremist excesses either by the left or the right. This has been at least temporarily strengthened by the recent Sergeants' revolt. This means that while the already limited military capability to overthrow Goulart on purely political grounds has been further weakened, the capability for resistance to any clear-cut move against constitutionalism or against the military hierarchy as a body will probably continue and be capable of expressing itself not only against Goulart but also against any unconstitutional move against Goulart either from left or right.

8. There is still a significant reservoir in the armed services of actual and potential good-will toward the U.S.

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9. The military appear to be the only force capable of maintaining and restoring public order--and, if necessary, orderly government--should the political and economic deterioration produced by the policies of the present regime "get out of hand."

10. While Goulart and the extreme leftists among his supporters have not demonstrated the capacity to pursue truly constructive courses of action (and Goulart himself probably lacks the desire to do so), they will continue to identify themselves in their public relations with progressive and "popular" change (e.g., "basic reforms") while labelling the opposition as negative, reactionary, status quo, etc.

11. Goulart--to the extent that circumstances and his political manipulations might permit him to do so at minimum political risk--will seek to restrict and might even attempt to stifle democratic opposition forces and processes. He would probably like to achieve a dictatorship on the models of Vargas or Peron, closing the Congress and intervening all the State governments.

12. Goulart's own ineptitude and political manipulations, coupled with increasing inflation and other economic deterioration, may create sufficient political and social tensions as to bring about his "removal" or "withdrawal" from the Office of President, probably at military "urging," without his having taken obviously unconstitutional steps.

13. While Goulart will probably attempt to liquidate or weaken political forces which directly and seriously attack or threaten him, he will very likely stop short of such action against other democratically-oriented forces which do not offer this direct, personal threat. He will be motivated by fear of alienating too broad a spectrum of opinion and power, and also by the desire to retain some forces which can move against excesses by his own extremist supporters or be used as a counterweight against such supporters when they get out of hand.

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14. Goulart may from time to time condone or even encourage in labor and other sectors, democratic elements opposed to the extreme leftist and ultranationalist elements who ordinarily support Goulart and enjoy his direct and indirect support--this to discourage the latter from "getting out of hand."

15. Key areas of activity in which one can have maximum impact on developments in Brazil, political and otherwise, include (a) government, including the State Governors and the Congress, (b) the military, (c) labor, (d) students, (e) the Catholic church, particularly church-sponsored community services and activities, (f) business and industry, and (g) the press, radio, and other media influencing general public opinion.

16. In the OAS and the UN, and in its foreign relations generally, Brazil will continue to pursue its "independent" foreign policy line, over-reacting at times against U.S. and OAS "intrusions" into national sovereignty, seeking to realize its pretensions to world power status by providing leadership among the new and the underdeveloped nations as a kind of new "third force" in relation to the major powers and the developed nations. It will also continue to maneuver for the leadership of the Latin American nations through exclusively Latin American organs or arrangements from which the U.S. is excluded.

17. As part of the foregoing general policy, Brazil will continue to expand its relations with Communist nations, will overreact against identity with the free world "bloc"; but will at the same time stress its dedication to christian democracy and continue to work with the U.S. on a wide range of specific international issues in the UN, the OAS, and elsewhere.

18. Barring clear indications of serious likelihood of a political take-over by elements subservient to and supported by a foreign government, it would be against U.S. policy to intervene directly or indirectly in support of any move to overthrow the Goulart regime. In the event of a threatened foreign-government

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government-affiliated political takeover, consideration of courses of action would be directed more broadly but directly to the threatened takeover, rather than against Goulart (although some action against the latter might result).

19. While there are continuing efforts among them for reconciliation and coordination, there are many schisms and disagreements among the extreme left, the ultranationalists, and the communists which can produce conflict within as well as among these various groups, and which can alienate from them the more moderate nationalists and leftists.

20. While the Goulart Government will continue to tolerate and nourish elements opposed to the U.S. and its objectives, Goulart's own friendship or antagonism toward the U.S. can temper or stimulate the behavior of such elements or the degree of official tolerance or acceptance of U.S. operations in Brazil.

Objectives:

1. Promote and strengthen in all sectors of Brazilian life democratically-oriented forces which can restrain undemocratic or anti-democratic excesses by Goulart or his extreme leftist or ultranationalist supporters (and also, to the limited extent it threatens, by the extreme right as well), and facilitate the most favorable possible succession in the event that a crisis of regime leads to Goulart's removal, and in any case in the elections of 1965.

2. Promote the formulation and vigorous advocacy of constructive reform programs by the democratically oriented forces in Brazil so that they can compete more effectively against the rabble-rousing demagoguery of Goulart and his extremist supporters.

3. Maintain and build in Brazil a favorable image of the United States through all possible channels to counteract nationalist and ultranationalist attacks.

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4. Weaken or soften by seduction as well as by opposition the opportunistic, ultranationalist or extreme leftist forces in Brazil in their affiliation with or support of antidemocratic or undemocratic agitations or causes.

5. Discourage counter-productive maneuvers by forces opposed to Goulart of a type which can be exploited by Goulart and his extremist supporters either to pursue their own demagogic political aggrandizement or to weaken the forces capable of restraining their undemocratic or antidemocratic excesses.

6. Avoid insofar as possible measures or policies by U.S. Government or U.S. business interests which can be exploited by anti-U.S. elements either to stir up nationalist antagonisms against the U.S. or to jeopardize the legitimate interests of the U.S. or its citizens by stimulating nationalistic hostility to them.

7. Maintain a friendly, helpful, posture toward Brazil and its government in order to maximize our ability, limited as it sometimes may be, to carry forward our own programs and to protest more effectively against undemocratic elements and actions, especially as they are unfriendly to the U.S., U.S. business or U.S. nationals.

8. Build a more extensive consultation on U.S. and Brazilian foreign policy objectives, particularly as between the U.S. Embassy and the Brazilian Foreign Office, with a view to promoting a more receptive psychological climate in Brazil toward cooperation with the U.S.

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9. Promote division and conflict within and between extreme leftist and ultranationalist groups and attempt to alienate other leftists and the more moderate nationalists from them.

10. Promote the formation of an effective coalition of politically effective forces which will present a viable alternative to the demagoguery of the extreme left and to the reactionary proposals of the far right.

11. Strengthen the basically democratic and pro-United States orientation of the military.

12. Weaken the influence of the communist and other extremist anti-U.S. elements in both labor and student organizations.

LINES OF ACTIONA. Political:

1. Utilize to the fullest the President's tremendous prestige and influence with the Brazilian people (and his prestige with Goulart) by means of public statements, president-to-president letters and other formal and informal contacts.

2. Forcefully promote the Alliance for Progress as a reformist, forward-looking program--by means of public statements, congressional lobbying, contact work with public officials and--when necessary--direct action, such as advocacy of specific executive and legislative acts (e.g. agrarian reform) which will clearly identify the U.S. with constructive change. This line will be pursued most effectively in relation to specific projects and accomplishments which demonstrate the constructively reformist character of the Alliance.

3. Actively encourage our friends and assiduously court our potential allies amongst the democratically-oriented elements of the Center and Left,

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particularly the national legislature and State Governments, with a view to creating aggressive advocacy of policies which offer a viable alternative to the demagoguery of the present regime. Those who join with us in this effort should be offered every encouragement and support.

4. Actively discourage those elements radically opposed to the present regime from engaging in foolhardy schemes designed to supplant the present government.

5. Seek by all available means and at all levels to create close contacts not only with President Goulart and his entourage but also throughout the Goulart Government, with a view both to making U.S. positions felt and to creating the impression that the U.S. and U.S. policy are not inimical to the interests of the Goulart regime.

6. Vigorously expand present programs designed to reduce the influence of Communists and other anti-U.S. extremists among student groups and professors, by means of more frequent visits of professors and student groups to the U.S., direct or indirect training of them in organization and leadership, [REDACTED] assistance to anti-Communist student elements, a growing publication and book translation effort, and facilitation of visits and teaching and study assignments in Brazil of professors and students with the capacity to influence local attitudes constructively.

7. Actively court, by direct contact and other means, all principal Brazilian labor leaders other than dedicated Communists, paying particular attention to those who have anti-CGP orientation as well as those who have long histories of association with Goulart--with a view to establishing a wider impact with this key group.

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8. Give support and assistance to groups and individuals in the labor movement, the student movement, teachers, journalists, and other key sectors of Brazilian life (a) to oppose extreme leftists or ultranationalists, (b) to divide the latter among and between themselves, and (c) to separate the extreme leftists and ultranationalists from their allies of more moderate conviction.

9. Effectively expand contacts and cooperation with the Brazilian military by means of normal military assistance, special grants and sales when possible, increasing exchanges and visits of personnel, and printed and other propaganda material. Veterans of WW II should be included in this target group.

10. Attempt to establish effective working relations with the Church (and especially with the reformist elements therein) with a view to aiding (and, where feasible, guiding) the Church in its newly-launched program of social and economic reform. This would include active assistance to the Church-led educational and agrarian reform movements in the northeast.

11. Mount a major effort to increase contacts and influence with the Brazilian congress by means of increasing the number of Congressional visitors to the U.S. and increasing the size and effectiveness of the lobbying mechanism already established by the Embassy office in Brasilia; also, insofar as possible, by a program of parliamentary exchanges, at the level of both members and technical staffs.

12. Carefully review the range of outstanding foreign-policy differences with Brazil in order to establish those which involve vital U.S. interests and those which do not. Those in the latter category can then be used, as appropriate, to establish rapport with and (hopefully) influence over, Brazil's "independent" foreign policy.

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13. Expand and refine intelligence efforts designed to create a relatively complete body of information on the following key groups, such information being essential to the carrying out of the previously-indicated lines of action:

- (a) The Goulart entourage
- (b) Brazil's ultra-nationalists
- (c) The Brazilian Military
- (d) The Church and its Reform Policy
- (e) The student movement
- (f) Labor
- (g) University Professors and leaders of teachers' organizations
- (h) Journalists

14. Give quick recognition and support to any regime which the Brazilians install to supplant the Goulart regime if it seems reasonably firmly installed and offers prospects of providing a more constructive and friendly administration, but press hard for action to follow constitutional paths insofar as possible.

15. Re-examine existing policies if a communist or extreme leftist dictatorship imminently threatens.

LINES OF ACTION

B. Economic:

1. Defer consideration of balance of payments assistance until Brazil gives substantial assurances by policies and performance that it is moving forward toward fulfillment of the type of financial and economic policy objectives explicit or implicit in the Dantas-Bell exchange of letters of

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March 1963, but not necessarily tying such assistance to a standby agreement with the IMF.

2. Maintain a positive, friendly posture of desiring to be helpful and to work with the Brazilian Government toward averting complete national bankruptcy and economic chaos without resorting to a U.S. bailout and at the same time pressing for all measures possible to improve, or at least impede further deterioration in the existing economic and financial situation. Continue to roll over individual debt payments by the GOB to USG agencies during the coming few months, but maintain pressure for the formulation of a comprehensive Brazilian policy of stabilization and development as an essential prerequisite for debt consolidation and new long-term international financial support. Encourage Brazil to accept the IMF as the appropriate vehicle for seeking multilateral assistance in solving Brazil's external debt problems, and to maintain consultation with the IMF on financial and foreign exchange policies.

3. Develop and maintain a substantial program of project assistance which is directed to specific, tangible, soundly-formulated projects, which will be soundly administered, which will contribute significantly to Brazil's development, and which will build more widely the favorable image of the U.S. role in the Alliance for Progress which has already taken hold in some parts of Brazil (Parana post-fire-disaster rehabilitation; extension of Northeast program; agricultural improvement projects, etc.). The administration of such a program should take account of, but the availability of funds should not be tied to, performance in the larger sphere of financial and economic policy.

4. Continue to press Brazil for more intensive and detailed long-term development planning, and for cooperation with the CAS Committee of Mine.

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5. Improve Alliance for Progress effectiveness in Brazil (a) in Washington by cutting down as much as possible on practices and procedures which delay, obstruct and damage effective and expeditious negotiations in Brazil, and (b) in the field by working more directly and continuously with Brazilian officials, to help them formulate acceptable proposals and thereby reduce frictions and delays deriving from limited technical skills of many Brazilian officials.

6. While maintaining it at a substantial over-all level, reexamine and retool the U.S. assistance program in the Northeast in the light of (a) political and operating problems encountered in the past year, (b) substantial progress on fulfillment of our April 1962 commitment, (c) substantial progress in our shorter term impact objectives, and (d) our general political and economic objectives for Brazil.

7. Pursue the maximum feasible expansion of Peace Corps activities in Brazil with special target emphasis on Brazilian youth, particularly university students, and on self-help and community development.

8. Discreetly press for mitigation of the adverse effects of the profit remittance law and for positive legislative and administrative action to stimulate the inflow of foreign capital into Brazil.

9. Continue to press for an amicable settlement of the AMFORP purchase and other major U.S. business difficulties in Brazil.

10. Build and exploit, through all available means, contacts with key Brazilians in business and government to stimulate Brazilian resistances to ultranationalist excesses against foreign investment and maximize a common interest with Brazilian interests which will cause them to oppose vigorously any measures inimical to their as well as U.S. business interests.

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11. Promote efforts by U.S. investing companies in Brazil to achieve a closer identification with the interests of Brazilian economic development through wider participation of local shareholders in operating affiliates, even greater reliance on Brazilian nationals in managerial and supervisory positions, and institutional advertising to demonstrate the contributions of foreign investment to the developmental process.

12. Avoid, insofar as possible without sacrificing basic U.S. interests, economic issues which can be exploited by extremists and ultranationalists to the disadvantage of the U.S. vis-a-vis the more moderately nationalist and pro-democratic Brazilians.

13. Cultivate those more extreme left-of-center elements in business and government who are open to some measure of persuasion, and attempt to moderate their thinking, at the very least creating some degree of awareness of the dangers of ultranationalist or undemocratic maneuvering and demagoguery.

14. Seek a continuing dialogue and exchange of views with the Brazilian government on Brazil's foreign policy objectives with respect to trade and investment with a view to building cooperation and dispelling notions either that the U.S. is a part of the opposition "rich nations' club" or that an alignment of the underdeveloped nations alone is the most effective approach, especially in relation to the forthcoming UN Trade and Development conference.

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15. Promote, through all available means, the most extensive use of all news media (a) to sell the Alliance for Progress, (b) to present the case for foreign investment. Feature presentations on the Alliance for Progress, for example, can be designed to recount success stories in Brazil and in other Latin American countries, at the same time carrying implicitly an indictment of the failure or omissions of the Brazilian Government.

16. Maintain the maximum number of exchange visits between U.S. and Brazilian labor leaders toward increasing the appreciation of the latter for sound democratic labor practices. Particular attention should be given to opportunists and extreme leftists other than dedicated Communists whose ties to the extreme left might be weakened, if not broken by such visits.

17. Work closely with and support CIO-AFL programs to strengthen democratic labor practices among the labor leadership of Brazil and increase contacts between U.S. unions and their Brazilian counterparts.

18. Enlist the support of U.S. private industry in providing to their firms in Brazil capable on-the-spot personnel in the field of labor-management relations.

LINES OF ACTION

C. Military

1. Assure the continuation of at least the present level of military assistance by first continuing to press for Brazilian signature of the internal security exchange of notes and, if this proves infeasible, requesting a presidential waiver of the internal-security requirement for mutual-defense assistance.

2. Assure the conclusion and implementation of the military credit sales agreements recently agreed to on C-130 aircraft and M-14 rifles. Work actively

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for further agreements on both of these items which would bring final delivered quantities up to full Brazilian expectations.

3. Press discreetly for a resolution of the embarked aviation controversy, or, failing this, a Brazilian procurement policy which will permit U.S. aircraft suppliers to compete on an equal basis with their European competitors in the field of naval aviation.

4. Vigorously pursue the previously-announced policy of increased military exchanges and visits. Issue official invitations for U.S. visits to the three military ministers and to other key military figures. Explore alternatives which would lessen the drain on the Brazilian treasury caused by attendance of military officers at U.S. and Hemisphere schools, thus increasing the potential level of Brazilian attendance.

5. Cultivate friendly relations with Goulart's so-called military "disposition"

[REDACTED]

6. Seek to expand Brazil's participation in joint hemispheric military activities, not only through activities such as joint military exercises, but also through gestures which would appeal to the Brazilian national ego (e.g. invitations to lecture, to plan, to advise, to chair, etc.).

[REDACTED]

D. Psychological

1. Continue to expand the exchange of persons program with particular emphasis on the objectives and target groups previously set forth. Engage in greater use of government financed but ostensibly non-governmental channels for financing more of such visits where U.S. government identification is disadvantageous or undesirable.


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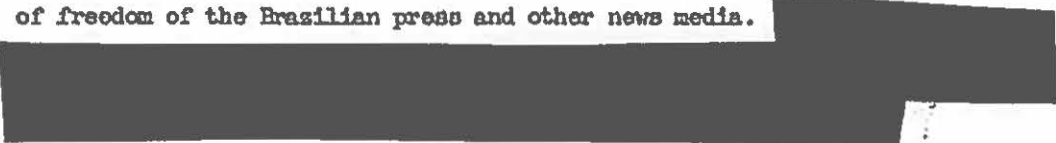
2. Continue to expand the book translation program and allied publication and propaganda efforts.

3. Selectively expand the bi-national center program taking care that those new centers will effectively fill the role of active proponents of U.S. policy interests.



4. Seek to portray the U.S. as the strongest and most powerful world force acting in defense of its own interests and of democracy in the Hemisphere, with a view to (a) encouraging democratic groups to positive action and (b) convincing fence-sitters that democracy is the wave of the future.

5. Promote activities and disseminate materials through all available channels which will emphasize the importance, and contribute to the maintenance, of freedom of the Brazilian press and other news media.



6. Materially expand activities and propaganda which will keep in the forefront of Brazilian attention the long and continuing history of shared traditions and experience with the U.S. Feature stories, "saudade" visits (Mark Clark) and mutual anniversaries (VE Day; Roosevelt-Vargas meeting anniversary) are good examples.

7. Publicize the AFP, and U.S. policy (generally), in progressive and reformist terminology which is understandable to the man in the street.

8. Ensure the prompt and effective correction of misstatements or misrepresentations concerning United States policies or activities which emanate from apparently respectable sources, either through official Embassy responses, formal statements by the appropriate Washington authorities, or discreetly handled unattributed replies.

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9. Stimulate and give increased support through all available channels to news media and news media individuals engaged in the defense of democratic processes and in attacking antidemocratic and undemocratic individuals and activities.

10. Considerably expand the present effort to establish a U.S. presence in, and a constructive influence on, the Brazilian education system, particularly at the university level by establishment of cultural centers, increased exchanges, greater number of university-to-university cooperating programs, etc. Give greater attention to increasing number of U.S. professors and students sent to Brazil, and to their selection and pre-orientation to combat distorted university propaganda on private enterprise, democracy, the U.S. etc.

11. Develop and disseminate propaganda materials targeted exclusively toward leftist, nationalist, extreme leftist, and ultranationalist groups toward stimulating division and conflict as previously set forth.

