

DCI BRIEFING

16 May 1961

BRAZIL

- I. Widespread desire within Brazil for status as world power has important influence on present and preceding administrations.
- II. Kubitschek--president from 1955-60--sought "50 years of progress in 5" largely because he thought economic development was key to status as world power.
 - A. Suggested a program of inter-American cooperation for economic development in part to enhance this status.
 - B. Costs of development program together with great overproduction of coffee created serious financial strains.
 1. Legacy of potential \$1,000,000,000 payments deficit for 1961 for successor, Janio Quadros.
- III. Quadros, inaugurated 31 January, has played to desire for world status by elaborating a "truly independent" foreign policy.
 - A. Will support discussion of Chinese representation question at UN.
 - B. Visiting Communist Chinese now in Brazil have secured permission to establish "non-official" trade mission.
 1. Vice President Goulart reportedly will visit Red China in June.
 - C. Brazilians have expanded recognition of East European satellites from 2 to 6, omitting only East Germany. Are seeking trade with all.

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S E C R E T

D. Quadros has refused to take anti-Castro stand but is negotiating for large-scale US and other free world aid.

IV. Brazil's desire not to be taken for granted may lead to new strains in US-Brazilian relationship in coming months despite strong pro-Western influences in Brazil.

A. Increased numbers of bloc personnel expected to stimulate activity of well-organized Brazilian Communist Party.

B. Quadros' equivocal pronouncements may encourage disturbing elements such as the pro-Communist Francisco Juliao who works among the peasants of northeastern Brazil.

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