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CENTRAL INTELLIGENCE AGENCY
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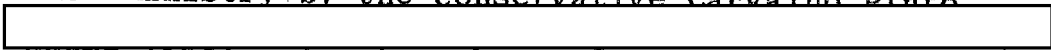
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CURRENT INTELLIGENCE MEMORANDUM

SUBJECT: The Brazilian Cabinet

1. President Goulart's new cabinet as it was finally completed at the end of June has a more centrist orientation than at first seemed in the making, but apparently provides no more of a barrier to the regime's leftward drift than the outgoing cabinet. Goulart's basic objective in the cabinet change seems to have been more to increase his personal power than to make any significant change in the orientation of his regime. With increased power, Goulart can be expected to move the regime further in the direction of his own populist and leftist inclinations.

2. Goulart's personal power appears to have been increased by the appointment of War Minister Jair Dantas Ribeiro, who wants the army to stay out of politics, and seems less likely to concern himself about the political aspects of army assignments than his predecessor General Amaury Kruel. Jair's appointments thus far have been almost entirely in accord with Goulart's probable wishes. The replacement of Goulart's long-time political advisor San Thiago Dantas in the Finance Ministry by the conservative Carvalho Pinto



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seems likely also to enhance Goulart's independence. The dismissal of pro-Communist Almino Afonso from the Labor Ministry was evidently the result of Goulart's insistence on retaining personal influence over organized labor, which has long formed the core of his political support. The new Labor Minister Amaury Silva, an apparently pliable centrist, appears unlikely to offer any challenge to Goulart and may in fact be his tool.

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3. The new foreign minister, extreme leftist Evandro Lins, is apparently an interim appointment. Lins, who has been particularly close to Goulart since the latter became president in 1961, is seeking a Supreme Court post, a move which could considerably increase Goulart's power and the influence of the extreme left. Appointments to the Supreme Court are for life, and the 11-man court already includes three justices with extreme leftist connections of relatively recent date.

4. The appointment of extreme leftist Paulo de Tarso as Minister of Education was probably a consequence of Goulart's maneuvers to take advantage of the rivalries between moderates and extreme leftists in Brazil's heterogeneous Christian Democratic Party. This appointment seems likely for as long as Tarso holds the post to strengthen pro-Communist influence in student and teacher organizations where it is already substantial.

5. The political persuasion of the other cabinet ministers varies from slightly right-of-center, as in the case of the Minister of Industry, to the socialist but pro-US Minister of Agriculture. None, however, seem particularly likely or well-placed to exert influence on Goulart. Several of them--the ministers of labor, justice, and mines--have already taken actions suggesting that their centrist influence will not be marked. The minister of labor has appointed two extreme leftist aides. The minister of justice has elaborated a decree limiting the autonomy of individual states in initiating requests for Alliance for Progress aid. The minister of mines has taken a public position increasing the difficulties of setting the problem of US-owned utilities in Brazil.

6. Subcabinet appointments may be more revealing of trends within Brazil than cabinet appointments. A tentative analysis indicates that almost half of 46 selected subcabinet posts are held by men sympathetic to Communism or at least hostile to the United States. Since the appointment of the most recent cabinet, the few new subcabinet appointees include both pro-US and anti-US elements, but the latter appear to be concentrated in posts relating to economic affairs. Specifically, while two key Foreign Ministry

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appointees are capable and pro-US, the chief Foreign Ministry post dealing with economic affairs has gone to a man strongly critical of the US, and the four appointees to CADE, a regulatory agency for important aspects of the domestic economy, are linked with extreme leftists. These appointments may foreshadow difficulties in US-Brazilian relations concerned with US business enterprises in Brazil and in international economic conferences.

Prospects

7. Goulart is likely to continue his domestic policy of seeking primarily to increase his political power. Despite the technical competence and honesty of the new finance minister, the economic prospects are uncertain because of the continuing tightness of Brazil's foreign exchange position, and the continuing rise in the cost of living. On the other hand, prospects for passage of a moderate agrarian reform law have recently improved. Brazil's foreign policy is likely to continue to evolve away from support for the United States in a more or less deliberate quest for "Big Power" status, characterized by an effort to strike an independent attitude in the cold war between the US and the USSR.

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