

~~TOP SECRET~~

ONE OF FIVE

RYBAT

PERSONAL FROM AMBASSADOR GORDON. PLEASE PASS IMMEDIATELY TO
SEC. STATE RUSK, ASSISTANT SECRETARY MANN, RALPH BURTON, SEC.
DEFENSE MCNAMARA, ASSISTANT SEC. DEFENSE MCNAUGHTON, GENERAL
MAXWELL TAYLOR, CIA DIRECTOR JOHN MCCONE, COL. J. C. KING,
DESMOND FITZGERALD, WHITE HOUSE FOR BUNDY AND DUNGAN, PASS TO
CANAL ZONE FOR GENERAL O'MEARA. OTHER DISTRIBUTION ONLY BY
APPROVAL ABOVE NAMED.

Start question

1. SINCE RETURNING TO RIO 22 MARCH I HAVE CANVASSED BRAZILIAN
SITUATION THOROUGHLY WITH KEY CIVILIAN AND MILITARY STAFF MEMBERS
HERE, CONVOKING SAO PAULO AND BRASILIA POST CHIEFS TO ASSIST
AND ALSO MAKING SELECTED CONTACT WITH SOME WELL INFORMED
BRAZILIANS.

2. MY CONSIDERED CONCLUSION IS THAT GOULART IS NOW DEFINITELY
ENGAGED ON CAMPAIGN TO SEIZE DICTATORIAL POWER, ACCEPTING THE
ACTIVE COLLABORATION OF THE BRAZILIAN COMMUNIST PARTY, AND OF
OTHER RADICAL LEFT REVOLUTIONARIES TO THIS END. IF HE WERE TO
SUCCEED IT IS MORE THAN LIKELY THAT BRAZIL WOULD COME UNDER
FULL COMMUNIST CONTROL, EVEN THOUGH GOULART MIGHT HOPE TO TURN
AGAINST HIS COMMUNIST SUPPORTERS ON THE PERONIST MODEL WHICH
I BELIEVE HE PERSONALLY PREFERENCES.

3. THE IMMEDIATE TACTICS OF THE GOULART PALACE GUARD ARE
CONCENTRATED ON PRESSURES TO SECURE FROM THE CONGRESS
CONSTITUTIONAL REFORMS UNATTAINABLE BY NORMAL MEANS, USING A
COMBINATION OF URBAN STREET DEMONSTRATIONS, THREATENED OR ACTUAL
STRIKES, SPORADIC RURAL VIOLENCE, AND ABUSE OF THE ENORMOUS
DISCRETIONARY FINANCIAL POWER OF THE FEDERAL GOVERNMENT. THIS
IS BEING COUPLED WITH A SERIES OF POPULIST EXECUTIVE DECREES
OF DUBIOUS LEGALITY AND AN INSPIRED RUMOR CAMPAIGN OF OTHER
DECREES CALCULATED TO FRIGHTEN RESISTANCE ELEMENTS. ESPECIALLY
IMPORTANT IN THIS CONNECTION IS THE ABILITY OF THE PRESIDENT
TO WEAKEN RESISTANCE AT THE STATE LEVEL BY WITHHOLDING ESSENTIAL

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LEAVES CALCULATED TO FRIGHTEN RESISTANCE ELEMENTS. ESPECIALLY IMPORTANT IN THIS CONNECTION IS THE ABILITY OF THE PRESIDENT TO WEAKEN RESISTANCE AT THE STATE LEVEL BY WITHHOLDING ESSENTIAL FEDERAL FINANCING. THE GOVERNMENT IS ALSO SUBJECTING RADIO AND TV OUTLETS TO A PARTIAL CENSORSHIP, INCREASING THE USE OF THE NATIONAL NEWS AGENCY AND REQUISITIONING BROADCAST TIME FOR ITS REFORMIST PROPAGANDA, AND MAKING THINLY VEILED THREATS AGAINST THE OPPOSITION PRESS. THE PURPOSE IS NOT IN FACT TO SECURE CONSTRUCTIVE SOCIAL AND ECONOMIC REFORMS, BUT TO DISCREDIT THE EXISTING CONSTITUTION AND THE CONGRESS, LAYING A FOUNDATION FOR A COUP FROM THE TOP DOWN WHICH MIGHT THEN BE RATIFIED BY A RIGGED PLEBISCITE AND THE REWRITING OF THE CONSTITUTION BY A RIGGED CONSTITUENT ASSEMBLY.

4. I DO NOT WHOLLY DISCARD THE HYPOTHESIS OF GOULART'S BEING FRIGHTENED OFF THIS CAMPAIGN AND SERVING OUT HIS NORMAL TERM (UNTIL JANUARY 31, 1966) WITH PROPER PRESIDENTIAL ELECTIONS BEING HELD IN OCTOBER, 1965. THIS WOULD STILL BE THE BEST OUTCOME FOR BRAZIL AND FOR THE UNITED STATES IF IT CAN HAPPEN. GOULART'S COMMITMENTS TO THE REVOLUTIONARY LEFT ARE NOW SO FAR-REACHING, HOWEVER, THAT THE CHANCES OF ACHIEVING THIS PEACEFUL OUTCOME THROUGH CONSTITUTIONAL NORMALCY SEEM A GOOD DEAL LESS THAN 50-50. HE MAY MAKE TACTICAL RETREATS TO TRANQUILIZE THE OPPOSITION AGAIN, AS HE HAS IN THE PAST. THERE ARE SOME SIGNS THAT THIS HAS HAPPENED IN THE PAST FEW DAYS, AS A RESULT OF THE 19 MARCH MASSIVE OPPOSITION STREET RALLY IN SAO PAULO, THE DECLARED HOSTILITY OF THE GOVERNORS OF SEVERAL MAJOR STATES, AND WARNINGS AND RUMBLINGS WITHIN THE OFFICER CORPS, ESPECIALLY OF THE ARMY. BUT PAST EXPERIENCE SHOWS THAT EACH TACTICAL RETREAT LEAVES CONSIDERABLE GROUND GAINED AND THE NEXT ADVANCE GOES FURTHER THAN THE PREVIOUS ONE. WITH HIS TIME RUNNING OUT AND THE CANDIDATES FOR THE SUCCESSION GETTING ACTIVELY INTO THE FIELD, GOULART IS UNDER PRESSURE TO ACT FASTER AND WITH LESS CALCULATION OF THE RISKS. MIS-GOVERNMENT IS ALSO ACCELERATING THE RATE OF INFLATION TO A

AND SOCIAL DISORDER. A

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GOVERNMENT IS ALSO ACCELERATING THE RATE OF INFLATION TO A
POINT THREATENING ECONOMIC BREAKDOWN AND SOCIAL DISORDER. A
DESPERATE LINGE FOR TOTALITARIAN POWER MIGHT BE MADE AT ANY
TIME.

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MAXWELL TAYLOR CIA JOHN MC CONE COL J C KING DESMOND FITZGERALD
BLINDY DUNGAN CANAL ZONE GENERAL O'NEARA/RIO 22 MARCH BRAZILIAN
CONVOKING SAO PAULO BRASLIA BRAZILIANS GOULART DICTATORIAL
BRAZILIAN COMMUNIST BRAZIL COMMUNIST GOULART COMMUNIST I GOULART.
CONGRESS A URBAN SPORADIC A POPULIST TV A REFORMIST PROPAGANDA
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5. THE GOULART MOVEMENT, INCLUDING ITS COMMUNIST AFFILIATES, REPRESENTS A SMALL MINORITY - NOT MORE THAN 15 TO 20 PERCENT OF THE PEOPLE OR THE CONGRESS. IT HAS SYSTEMATICALLY TAKEN CONTROL OF MANY STRATEGIC POINTS, HOWEVER, NOTABLY PETROBRAS (WHICH UNDER THE DECREE OF MARCH 13 IS NOW TAKING OVER THE FIVE REMAINING PRIVATE OIL REFINERIES NOT ALREADY UNDER ITS CONTROL), THE DEPARTMENT OF POSTS AND TELEGRAPHS, THE TRADE UNION LEADERSHIP IN OIL, RAILROADS^H PORTS, MERCHANT SHIPPING, THE NEWLY FORMED RURAL WORKERS' ASSOCIATIONS, AND SOME OTHER KEY INDUSTRIES, THE MILITARY AND CIVIL HOUSEHOLDS OF THE PRESIDENCY, IMPORTANT UNITS OF THE MINISTRIES OF JUSTICE AND EDUCATION, AND ELEMENTS IN MANY OTHER GOVERNMENT AGENCIES. IN THE ARMED FORCES, THERE ARE A NUMBER OF FAR LEFTIST OFFICERS, WHO HAVE BEEN GIVEN PREFERMENT AND KEY ASSIGNMENTS BY GOULART, BUT THE OVERWHELMING MAJORITY ARE LEGALIST AND ANTI-COMMUNIST AND THERE IS A MODEST MINORITY OF LONG-STANDING RIGHT-WING COUP SUPPORTERS. THE LEFT HAS SOUGHT TO WEAKEN THE ARMED FORCES THROUGH SUBVERSIVE ORGANIZATION OF THE NON-COMMISSIONED OFFICERS AND ENLISTED PERSONNEL, WITH SIGNIFICANT RESULTS ESPECIALLY

IN THE AIR FORCE AND NAVY.]

6. I UNDERTOOK IN MARCH 21 TALK WITH SECRETARY RUSK TO APPRAISE THE STRENGTH AND SPIRIT OF THE RESISTANCE FORCES AND THE CIRCUMSTANCES THAT MIGHT TRIGGER INTERNAL VIOLENCE AND SHOWDOWN. I FIND THAT SINCE THE GOULART-SYNDICALIST STREET RALLY IN RIO ON MARCH 13 THERE HAS BEEN A RADICAL POLARIZATION OF ATTITUDES. POLITICAL AND PUBLIC LEADERSHIP IN CRYSTALLIZING OVERT SUPPORT FOR THE CONSTITUTION AND CONGRESS, FOR REFORMS ONLY WITHIN THE CONSTITUTION, AND FOR REJECTION OF COMMUNISM, HAS COME FROM A GROUP OF GOVERNORS: LACERDA OF GUANABARA, ADHEMAR DE BARROS OF SAO PAULO, MENEGHETTI OF RIO GRANDE DO SUL, BRAGA OF PARANA, AND (SOMEWHAT TO MY SURPRISE) MAGALHAES PINTO OF MINAS GERAIS. THEY HAVE BEEN FORTIFIED BY THE CLEAR DECLARATION OF EX-PRESIDENT-MARSHAL DUTRA AND THE NOMINATION ACCEPTANCE SPEECH OF KUBITSCHER. THE HUGE PRO-DEMOCRATIC RALLY IN SAO PAULO MARCH 19, LARGELY ORGANIZED BY WOMEN'S GROUPS, HAS PROVIDED AN IMPORTANT ELEMENT OF MASS POPULAR SHOWING, WHICH REACTS FAVORABLY IN TURN ON CONGRESS AND THE ARMED FORCES.

7. THERE IS A RECIPROCAL INTERDEPENDENCE OF ACTION BETWEEN CONGRESS AND THE ARMED FORCES. CONGRESSIONAL RESISTANCE TO ILLEGAL EXECUTIVE ACTIONS AND TO UNWARRANTED PRESIDENTIAL DEMANDS FOR CONSTITUTIONAL CHANGE DEPENDS ON THE CONVICTION THAT THE MEMBERS WILL HAVE MILITARY COVERAGE IF THEY TAKE A STAND. THE LEGALIST TRADITION OF THE ARMED FORCES IS SO STRONG THAT THEY WOULD DESIRE, IF AT ALL POSSIBLE, CONGRESSIONAL COVERAGE FOR ANY ACTION AGAINST GOULART. THE ACTION OF CONGRESS IS THEREFORE ONE MAJOR KEY TO THE SITUATION.

8. WHILE A CLEAR MAJORITY OF CONGRESS MISTRUSTS GOULART'S PURPOSES AND SCORNS HIS EVIDENT INCOMPETENCE, THE PRESENT CONSENSUS OF ANTI-GOULART CONGRESSIONAL LEADERS IS THAT AN ABSOLUTE MAJORITY OF THE LOWER HOUSE CANNOT NOW BE MUSTERED FOR IMPEACHMENT. THEY ALSO OPPOSE A MOVE OF CONGRESS AWAY FROM BRASILIA AS TENDING TO UNDERCUT THEIR ALREADY TARNISHED PRESTIGE, ALTHOUGH THEY WOULD KEEP OPEN A DRAMATIC RETREAT TO RIO DE JANEIRO AS A LAST RESORT IN A NEAR CIVIL WAR

SÃO PAULO OR ELSEWHERE AS A LAST RESORT IN A NEAR CIVIL WAR OR OPEN CIVIL WAR SITUATION. THEY ARE PRESENTLY FOCUSING ON THE APPROVAL OF SOME MILD REFORM MEASURES AS ONE WAY OF COUNTERING GOULART'S ANTI-CONGRESS CAMPAIGN, AND CONSIDERING OTHER MORE AFFIRMATIVE MEANS OF SHOWING RESISTANCE. THEY ARE MOST UNLIKELY TO VOTE A PLEBISCITE LAW, A DELEGATION OF POWERS, LEGALIZATION OF THE COMMUNIST PARTY, VOTES FOR ILLITERATES, OR OTHER POLITICAL CHANGES SOUGHT BY GOULART.

9. BY ALL ODDS THE MOST SIGNIFICANT DEVELOPMENT IS THE CRYSTALLIZING OF A MILITARY RESISTANCE GROUP UNDER THE LEADERSHIP OF GEN. HUMBERTO CASTELLO BRANCO, ARMY CHIEF OF STAFF. CASTELLO BRANCO IS A HIGHLY COMPETENT, DISCREET, HONEST, AND DEEPLY RESPECTED OFFICER WHO HAS STRONG LOYALTY TO LEGAL AND CONSTITUTIONAL PRINCIPLES AND UNTIL RECENTLY SHUNNED ANY APPROACHES FROM ANTI-GOULART CONSPIRATORS. HE HAS ASSOCIATED WITH HIM A GROUP OF OTHER WELL PLACED SENIOR OFFICERS AND IS NOW ASSUMING CONTROL AND SYSTEMATIC DIRECTION OF THE WIDESPREAD BUT HITHERTO LOOSELY ORGANIZED RESISTANCE GROUPS, MILITARY AND CIVILIAN, IN ALL AREAS OF THE COUNTRY.

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CFN GOULART COMMUNIST A NOT MORE 15 TO 20 PETROBRAS MARCH 13
NOT ALREADY A FAR LEFTIST GOULART ANTI-COMMUNIST A COUP 1 21
RUSK 1 GOULART-SYNDICALIST RIO MARCH 13 A COMMUNISM A LACERDA
GUANABARA ADHEMAR DE BARROS SAO PAULO
MENEGETTI RIO GRANDE DO SUL BRAGA PARANA MAGALHAES PINTO MINAS
GERAIS MARSHAL DUTRA KUBITSCHK PRO DEMOCRATIC SAO PAULO MARCH 19
A A GOULART A GOLARTS ANTI-GOULART CANNOT NOW A BRASILIA A SAO PAULO A
A ANTI-CONGRESS A PLEBISCITE A COMMUNIST GOULART CRYSTALLIZING
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10. CASTELLO BRANCO'S PREFERENCE WOULD BE TO ACT ONLY IN CASE OF OBVIOUS UNCONSTITUTIONAL PROVOCATION, E.G., A BONAPARTIST MOVE TO CLOSE CONGRESS OR TO INTERVENE IN ONE OF THE OPPOSITION STATES (GUANABARA OR SAO PAULO BEING THE MOST LIKELY ONES). HE RECOGNIZES, HOWEVER (AS DO I) THAT GOULART MAY AVOID SUCH OBVIOUS PROVOCATION, WHILE CONTINUING TO MOVE TOWARD AN IRREVERSIBLE FAIT ACCOMPLI BY MEANS OF MANIPULATED STRIKES, FINANCIAL UNDERMINING OF THE STATES, AND AN EXECUTIVE PLEBISCITE - INCLUDING VOTING BY ILLITERATES - TO BACK UP A BONAPARTIST OR GAULLIST-TYPE ASSUMPTION OF POWER. CASTELLO BRANCO IS THEREFORE PREPARING FOR A POSSIBLE MOVE SPARKED BY A COMMUNIST-LED GENERAL STRIKE CALL, ANOTHER SERGEANTS' REBELLION, A PLEBISCITE CALL OPPOSED BY CONGRESS, OR EVEN A MAJOR GOVERNMENTAL COUNTERMOVE AGAINST THE DEMOCRATIC MILITARY OR CIVILIAN LEADERSHIP. IN THESE CASES, POLITICAL COVERAGE MIGHT HAVE TO COME IN THE FIRST INSTANCE FROM A GROUPING OF STATE GOVERNORS DECLARING THEMSELVES THE LEGITIMATE GOVERNMENT OF BRAZIL, WITH CONGRESSIONAL ENDORSEMENT FOLLOWING (IF CONGRESS WERE STILL ABLE TO ACT). IT IS ALSO POSSIBLE THAT GOULART MIGHT RESIGN UNDER PRESSURE FROM SOLID MILITARY OPPOSITION, EITHER TO FLEE THE COUNTRY OR TO LEAD A "POPULIST" REVOLUTIONARY MOVEMENT. THE POSSIBILITIES CLEARLY INCLUDE CIVIL WAR, WITH SOME HORIZONTAL OR VERTICAL DIVISION WITHIN THE ARMED FORCES, AGGRAVATED BY THE WIDESPREAD POSSESSION OF ARMS IN CIVILIAN HANDS ON BOTH SIDES.

11. UNLIKE THE MANY PREVIOUS ANTI-GOULART COUP GROUPS WHO HAVE APPROACHED US DURING THE PAST TWO AND ONE HALF YEARS,

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11. UNLIKE THE MANY PREVIOUS ANTI-GOULART COUP GROUPS WHO HAVE APPROACHED US DURING THE PAST TWO AND ONE HALF YEARS, THE CASTELLO BRANCO MOVEMENT SHOWS PROSPECTS OF WIDE SUPPORT AND COMPETENT LEADERSHIP. IF OUR INFLUENCE IS TO BE BROUGHT TO BEAR TO HELP AVERT A MAJOR DISASTER HERE - WHICH MIGHT MAKE BRAZIL THE CHINA OF THE 1960S - THIS IS WHERE BOTH I AND ALL MY SENIOR ADVISORS BELIEVE OUR SUPPORT SHOULD BE PLACED. (SECRETARIES RUSK AND MANN SHOULD NOTE THAT ALBERTO BYINGTON IS WORKING WITH THIS GROUP.) WE HOLD THIS VIEW EVEN SHOULD CASTELLO BRANCO BE RELIEVED AS ARMY CHIEF OF STAFF.

12. DESPITE THEIR STRENGTH IN THE OFFICER CORPS, THE RESISTANCE GROUP IS CONCERNED ABOUT THE ADEQUACY OF ARMS AND THE POSSIBLE SABOTAGE OF POL SUPPLIES. WITHIN THE COMING WEEK, WE WILL BE APPRISED OF THEIR ESTIMATES OF NEEDED ARMS THROUGH CONTACT BETWEEN ARMA AND GEN. CINTRA, RIGHTHAND MAN OF CASTELLO BRANCO. POL NEEDS WOULD INCLUDE THE NAVY FUEL NOW BEING SOUGHT BY BYINGTON TOGETHER WITH MOTOR FUEL AND AVIATION GASOLINE.

13. GIVEN THE ABSOULUTE UNCERTAINTY OF TIMING OF A POSSIBLE TRIGGER INCIDENT (WHICH COULD OCCUR TOMORROW OR ANY OTHER DAY); WE RECOMMEND (A) THAT MEASURES BE TAKEN SOONEST TO PREPARE FOR A CLANDESTINE DELIVERY OF ARMS OF NON-US ORIGIN, TO BE MADE AVAILABLE TO CASTELLO BRANCO SUPPORTERS IN SAO PAULO AS SOON AS REQUIREMENTS KNOWN AND ARRANGEMENTS CAN BE WORKED OUT. BEST DELIVERY MEANS NOW APPARENT TO US IS UNMARKED SUBMARINE TO BE OFF-LOADED AT NIGHT IN ISOLATED SHORE SPOTS IN STATE OF SAO PAULO SOUTH OF SANTOS, PROBABLY NEAR IGUAPE OR GANANEIA. (B) THIS SHOULD BE ACCOMPANIED BY POL AVAILABILITIES (BULK, PACKAGED, OR BOTH MAY BE REQUIRED), ALSO AVOIDING USG IDENTIFICATION, WITH DELIVERIES TO AWAIT OUTBREAK ACTIVE HOSTILITIES. ACTION ON THIS (DEPTEL 1281) SHOULD PROCEED FORTHWITH.

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CFN CASTELLO BRANCOS E G A GOULARTIST GUANABARA SAO PAULO
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14. THE ABOVE TWO ACTIONS MIGHT SUFFICE TO SECURE VICTORY FOR FRIENDLY FORCES WITHOUT ANY OVERT US LOGISTICAL OR MILITARY PARTICIPATION, ESPECIALLY IF POLITICALLY COVERED BY PROMPT US RECOGNITION OUR SIDE AS LEGITIMATE GOB. WE SHOULD, HOWEVER, ALSO PREPARE WITHOUT DELAY AGAINST THE CONTINGENCY OF NEEDED OVERT INTERVENTION AT A SECOND STAGE AND ALSO AGAINST THE POSSIBILITY OF SOVIET ACTION TO SUPPORT THE COMMUNIST-LEANING SIDE. TO MINIMIZE POSSIBILITIES OF A PROLONGED CIVIL WAR AND SECURE THE ADHERENCE OF LARGE NUMBERS OF BAND-WAGON JUMPERS, OUR ABILITY TO DEMONSTRATE COMMITMENT AND SOME SHOW OF FORCE WITH GREAT SPEED COULD BE CRUCIAL. FOR THIS PURPOSE AND IN KEEPING WITH OUR WASHINGTON TALKS MARCH 21, ONE POSSIBILITY APPEARS TO BE THE EARLY DETACHMENT OF A NAVAL TASK FORCE FOR MANEUVERS IN SOUTH ATLANTIC, BRINGING THEM WITHIN A FEW DAYS' STEAMING DISTANCE OF SANTOS. LOGISTICAL SUPPLIES SHOULD MEET REQUIREMENTS SPECIFIED IN CINC SOUTH BRAZIL CONTINGENCY PLAN (USSCJTFF-BRAZIL) REVIEWED HERE MARCH 9. CARRIER AIRCRAFT WOULD BE MOST IMPORTANT FOR PSYCHOLOGICAL EFFECT. MARINE CONTINGENT COULD PERFORM LOGISTICAL SECURITY TASKS SET FORTH CINC SOUTH PLAN. WE WOULD WELCOME ADVICE SOONEST ON THIS OR ALTERNATIVE METHODS MEETING OBJECTIVE DESCRIBED ABOVE.

15. WE RECOGNIZE PROBLEM UNCERTAIN DURATION OF NEED THESE FORCES IN AREA. WITH NEAR-DAILY CRISES OF VARYING INTENSITY HERE, HOWEVER, AND VIOLENCE READY TO BECOME EPIDEMIC

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15. WE RECOGNIZE PROBLEM UNCERTAIN DURATION OF NEED THESE FORCES IN AREA. WITH NEAR-DAILY CRISES OF VARYING INTENSITY HERE, HOWEVER, AND VIOLENCE READY TO BECOME EPIDEMIC THROUGH RURAL LAND INVASION, CLASHES OF RIVAL COMMUNIST AND DEMOCRATIC STREET MEETING, OR GENERAL STRIKE EFFORTS, AND WITH PROGRAMMED CRESCENDO OF GOULART ACTIONS WITH SPECIAL COMMITMENT TO " HAVING ACHIEVED BASIC REFORMS" BY AUGUST 24 (TENTH ANNIVERSARY OF VARGAS SUICIDED, REAL DANGER EXISTS OF IRRUPTION CIVIL WAR AT ANY TIME. ONLY CONVINCING SIGN OF LATTER WOULD BE CLEAN SWEEP OF EXTREMISTS FROM MILITARY AND CIVILIAN PALACE GUARD. CURRENT EPISODE OF REBELLIOUS SAILORS DEMONSTRATES FRAGILITY OF SITUATION AND POSSIBLE IMMINENCE OF SHOWDOXY.

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CFN GOB A SOVIET COMMUNIST-LEANING A WASHINGTON MARCH 21
A SOUTH ATLANTIC A SANTOS CINC SOUTH BRAZIL CONTINGENCY USSCJTFP
BRAZIL MARCH 9 CARRIER AIRCRAFT PSYCHOLOGICAL CINC SOUTH
COMMUNIST GOULART AUGUST 24 VARGAS SUICIDE

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16. WE ARE MEANWHILE UNDERTAKING COMPLEMENTARY MEASURES WITH OUR AVAILABLE RESOURCES TO HELP STRENGTHEN RESISTANCE FORCES. THESE INCLUDE COVERT SUPPORT FOR PRO-DEMOCRACY STREET RALLIES (NEXT BIG ONE BEING APRIL 2 HERE IN RIC, AND OTHERS BEING PROGRAMMED), DISCREET PASSAGE OF WORD THAT USG DEEPLY CONCERNED AT EVENTS, AND ENCOURAGEMENT DEMOCRATIC AND ANTI-COMMUNIST SENTIMENT IN CONGRESS, ARMED FORCES, FRIENDLY LABOR AND STUDENT GROUPS, CHURCH, AND BUSINESS. WE MAY BE REQUESTING MODEST SUPPLEMENTARY FUNDS FOR OTHER COVERT ACTION PROGRAMS IN NEAR FUTURE.

I ALSO BELIEVE THAT IT WOULD BE USEFUL, WITHOUT ENTERING ^{IN} TO DETAIL, FOR SEC STATE OR PRESIDENTIAL PRESS CONFERENCE RESPONSE TO INDICATE CONCERN AT REPORTS OF ECONOMIC DETERIORATION AND POLITICAL RESTLESSNESS IN BRAZIL AND IMPORTANCE TO FUTURE OF HEMISPHERE. THAT BRAZIL, TRUE IS ITS DEEP-ROOTED DEMOCRATIC AND CONSTITUTIONAL TRADITIONS, WILL CONTINUE ITS ECONOMIC AND SOCIAL PROGRESS UNDER REPRESENTATIVE DEMOCRACY. WE RECOMMEND SUCH STATEMENT IN NEXT FEW DAYS.

18. THIS MESSAGE IS NOT AN ALARMIST OR PANICKY REACTION TO ANY ONE EPISODE. IT REFLECTS THE JOINT CONCLUSIONS OF THE STAFF EMBASSY STAFF BASED ON A LONG CHAIN OF ACTIONS AND INTELLIGENCE INFORMATION WHICH CONVINCED US THAT THERE IS A REAL AND PRESENT DANGER TO DEMOCRACY AND FREEDOM IN BRAZIL WHICH COULD CARRY THIS ENORMOUS NATION INTO THE COMMUNIST CAMP. IF THIS WERE A COUNTRY OF LESS STRATEGIC IMPORTANCE TO THE U.S., BOTH DIRECTLY AND IN ITS IMPACT ON ALL LATIN AMERICA, WE MIGHT SUGGEST A FURTHER PERIOD OF WATCHFUL WAITING IN THE HOPE THAT BRAZILIAN RESISTANCE UNAIDED WOULD TAKE CARE OF THE PROBLEM. WE BELIEVE THAT THERE IS SUBSTANTIAL LIKELIHOOD THAT IT MAY DO SO, GIVEN THE BASIC SENTIMENTS AND ATTITUDES OF THE MAJORITY OF THE PEOPLE AND THE STRENGTH OF ORGANIZED DEMOCRATIC SENTIMENT ESPECIALLY ON THE SOUTHERN HALF OF THE COUNTRY. THE POWER OF GOULART AND THE PRESIDENCY TO SAP AND UNDERMINE RESISTANCE IS SO GREAT, HOWEVER, THAT OUR MANIFEST SUPPORT, BOTH MORAL AND MATERIAL AND EVEN AT SUBSTANTIAL COST, MAY WELL BE ESSENTIAL TO MAINTAIN THE BACKBONE OF THE BRAZILIAN RESISTANCE. NO LOSS OF TIME CAN BE AFFORDED IN PREPARING FOR SUCH ACTION. THE ALTERNATIVE OF RISKING A COMMUNIST BRAZIL APPEARS UNACCEPTABLE, IMPLYING POTENTIALLY FAR GREATER ULTIMATE COSTS IN BOTH MONEY AND LIVES.

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DEMOCRACY APRIL 2 RIO USS ANTI-COMMUNIST 1 SEC STATE
BRAZIL BRAZIL NOT AN PANICKY A A BRAZIL COMMUNIST A
U.S. AMERICA A BRAZILIAN GOULART SAR BRAZILIAN NO LOSS
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