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TO : DEPARTMENT OF STATE

INFO : Embassy BRASILEIA
AmConGen SÃO PAULO
AmConGen RECIFE

FROM : Embassy RIO DE JANEIRO

April 7, 1964

AMB (3) SUBJECT: Memorandum of Conversation

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Monday evening at 6 p.m., I called on the new War Minister, General Artur de Costa e Silva. I was accompanied by my Army Attaché, Colonel Walters. General Costa e Silva received us alone.

General Costa e Silva opened the conversation by saying that he welcomed this opportunity to talk. A great victory had been won by the Brazilian Army over communism; it was not merely a victory for Brazil but for the whole of Latin America, and in fact for the United States as well, as had it not been won then there would have been another China inside the Americas. The United States was fighting now in Viet Nam as it had fought in Korea, the Congo and elsewhere. The Communists did not fight according to the book of rules and the United States did, and this was one of the reasons why the United States had sustained many reverses. We should fight them with the same methods they use. General Costa e Silva said that he did not mean the pardon but that a firm stand must be taken. He said the victory had been won swiftly. In answer to a question by me, said that he had not been surprised by this swiftness because he had known that the younger officers were on the right side.

He said that at the height of the matter he had called General Ancora who commanded the First Army and had told him that his troops opposing the revolution would melt away. Ancora denied this, but on Costa e Silva's second call to Ancora, the latter had admitted that this was beginning to happen and had said that he was going to Rezende to talk to

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General Amaury Kruel. General Costa e Silva had said that he should not try to set any conditions, as they would not be accepted and they had not been. Costa e Silva said that he had changed his command post in Rio four times during the revolt. He had made plain after becoming Minister (due to his seniority among those involved) that this was a victory of the whole Army and that those were no vanquished. He had said this in the presence of Ancoara when he had turned over command of the First Army.

Costa e Silva said that he had repeatedly warned War Minister JAIR Dantas Ribeiro against what was happening to the Army under the Goulart Government. The subversion of the Navy and Air Force would certainly be followed by the use of the same tactics against the Army. But Jair either through loyalty to Goulart or blindness had not heeded this warning and the Armed Forces had had to take action to save the country.

General Costa e Silva said that public confidence was being rapidly restored and that on the first day that the banks were open, contrary to what might have been expected, deposits exceeded withdrawals. He pointed out that there had been a run on the banks before they closed. The Minister said that he had withdrawn his own money because he knew what was coming, but he had redeposited it today. He said that the value of stocks had tripled and the turnover on the stock exchange had been very large. The dollar had dropped from 2250 to 1400 cruzeiros.

General Costa e Silva said that he did not know much about economics but he felt that this was a point at which the United States could render great assistance, not in money as that was always rather ignominious, but by helping with supplies of foodstuffs that would drive the prices of these items down on the local market. The population which had watched and suffered from the tremendous price rises that had accompanied the inflation would realize that in just a short time of democratic government price trends had been reversed. This process would be useful even if it did not last very long. He asked whether his ideas on this problem were over-simplified or not. I felt it wise not to enter a substantive discussion of these matters, and said that I was having dinner with the Finance Minister later that evening. He asked at whose initiative this meeting was taking place. At this point, General Costa e Silva was called to the phone to speak to Second Army Commander, General Amaury Kruel.

From what could be ascertained by listening to only one side of this conversation, it appeared that General Kruel was calling because a Major Ruy de Castro had called General Kruel's headquarters and asked them to ensure that Radio Nacional of São Paulo carry a speech by General Castello Branco. General Costa e Silva told General Kruel that this could not be so, and that he should not carry out the order. He said that he had already told the press that he would not give military cover to any candidacy, and that the press had reported that he had vetoed Castello Branco's candidacy. This was not true either. He had released Castello Branco as a General to run if he wished, but he neither supported nor

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ND 62847

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opposed any candidacy. This was an attempt to get the military into politics and he was having none of it. General Krueel evidently took some convincing, but apparently was finally mollified and ended the conversation. General Costa e Silva called in his Chief of Cabinet, Brigadier General Syaano Sarmiento, and asked him to relieve Major Ruy from the Minister's Cabinet. Syaano said that it would be well to check and see whether the Major had really done this or whether someone had used his name. Costa e Silva agreed but said that if the Major had actually said that this request was from the Minister of War he should be relieved from service in the Minister's Cabinet at once.

General Costa e Silva then returned and referring to his earlier question, I told him that the initiative for my dining came neither from the Finance Minister nor from me, but from a mutual friend. Costa e Silva then reiterated what he had told General Krueel. He said that he had rejected the suggestion that he himself run for President and had made it plain that he would not give military cover to any candidacy. At the same time, he would not prevent "one of our comrades" from running. The essential thing was that the fruits of victory not be lost. The Army had taken the responsibility for doing what they had done lest democratic institutions be destroyed in Brazil.

I said that I fully understood this desire but that the press coverage of what had happened in Brazil had not been good in parts of Europe, especially France, and in Canada, and indeed in a few papers in the United States. Moreover, some of the American correspondents here had been somewhat ruffled by censorship and there had been a minor incident at Associated Press when the unmarked office of this organization had been invaded by some Army personnel with a Captain in charge while they were investigating TeleRadio. I explained that this was not in any sense a protest but the influence of the press on public opinion was great and we did not want anything to give the impression to the U.S. public that this was an old-fashioned reactionary Latin American coup. Costa e Silva replied that he could give me his guarantee that this was not and would not be the case. Brazil had grown out of the "republiquetas" stage but the Armed Forces were determined that the Communists and all of their friends should be rooted out. I pointed out that I was not asking for clemency but that the appearance of what was being done should be borne in mind. He said that there were Communists infiltrated in the press all over and that he did not feel that foreign newspapermen should be given any special treatment. He asked whether I could guarantee that there were no Communists among the foreign press in Rio, and I of course replied that I could not. He said that American and other foreign opinions were often distorted by Communists infiltrated in the press. He said that what had happened to A.P. was an operation matter at a low level. He said that cost what it may, the Communists were going to be cleaned out of Brazil. I asked about the unseating of deputies and he said that if these Communists lost their seats and their civil rights for ten years, they should regard themselves lucky if that was all they lost. Had the other side won, it would have been the parade for us. He cited the case of the Colonel in Porto Alegre who had taken a shot at Brigadeiro Wanderley and said

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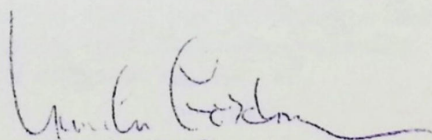
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that fortunately the colonel had been killed as if he had not he (Costa e Silva) would personally have ordered him shot for his treacherous action. He said that the measure that had to be taken might lead to a "state of exception" which would be of short, very short duration, to permit the necessary housecleaning and that thereafter they would return to normal constitutional processes. I asked if he knew which deputies had taken refuge in the Uruguayan Embassy and he said that he did not. He said that a number of overzealous people had done various things. A group of officers had invaded the Hungarian Trade Mission and that the Foreign Minister of Brazil had asked him to avoid incidents that would lead to Brazil's having to apologize to Nations it should not be apologizing to.

He said that the Navy and Air Force had spontaneously placed themselves under the Army and when the Army spoke it was really speaking for all three of the Armed Forces. He said that both the Navy and the Air Force had been seriously undermined, but that he thought the situation in the Air Force was the worst of the three. Costa e Silva asked if we knew where Luiz Carlos Prestes was, and said that orders were out to pick him up. He had also given orders to arrest Brizola on sight. There were presently four Army generals under arrest. They were Generals Argemiro de ASSIS BRASIL, CHRYSANIRO de Figueiredo, Luiz Cunha Nello, and Euclides Zerbini. He said that matters had gone off well except in Porto Alegre. General Galhardo who had been in command of the Third Army had promised not to turn over his command to General Ladanio Pereira Telles whom Goulart had sent down, but had done so in spite of his promise.

Costa e Silva reiterated his decision to remove Communists and their friends. He said that under present legislation, an officer had to be sentenced to more than two years in prison before he could be expelled from the Army. He said that recently even while the Goulart Government was in power, two sergeants had been sentenced by a military court (which had been subjected to all kinds of Government pressures for leniency) to four years in jail, and they had been expelled from the Army. He said that these officers would be tried in the two years before the next election. I pointed out that there were only fifteen months and he agreed saying that it was only necessary for the officers to be sentenced for over two years in order for them to be expelled from the Armed Forces.

General Costa e Silva concluded by expressing his pleasure at having this opportunity to exchange views.


Lincoln Gordon

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