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DEPARTMENT OF STATE

Washington, D.C. 20520

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MEMORANDUM

March 25, 1969

TO: ARA - Mr. Vaky

FROM: ARA/BR - Jack B. Kubisch *JSK*

SUBJECT: Reactions in Brazil to USG Policy Since IA-5

I have been trying to keep you currently informed of reactions in Brazil to the policy lines we have been following particularly since the Fifth Institutional Act. In general, the reaction in Brazil has been that our policy has been correct, and earlier today I sent you a quotation from a USIA assessment on this subject.

A typical example would be the statement by Hilario Torloni, Vice Governor of the State of São Paulo, to Bill Wight, our Deputy Principal Officer there, on March 12, 1969.

Torloni said that the decision of the United States in the wake of IA-5 to "review" its assistance program was the right one. He thought the United States should maintain its "cool, wait-and-see" policy. He did express some worry, however, that Governor Rockefeller's trip might be interpreted by the common people in Brazil as the USG's stamp of approval on the Costa e Silva Government.

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There has, of course, been some criticism in Brazil of our policy. On March 4, 1969, at a luncheon in São Paulo given by a vice president of U.S. Steel, several Brazilian business men spoke up strongly in defense of the Costa e Silva Administration and criticized the USG for "suspending AID Program Loans." They alleged that the USG often tried to "placate Communist countries" and then "knifed its friends" (like Brazil) in the back. The U.S. Steel executive said he was pleased about the general business reaction in São Paulo supporting Costa e Silva's "law and order first" stand.

I am not sending it to you because there is nothing especially new or noteworthy in it, but I did think you might want to know about the first couple of sentences in the introductory "Summary" of the message.

"Brazilian attitudes towards United States currently and probably temporarily more favorable than at any time last two years. This phenomenon largely due to conservatives' present expectations from Nixon's Republican Administration which they conceive as being on their wave length, and liberals' present satisfaction USC's disapproval IA-3 and its

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