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29 March 1964

Brazil

1730
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Personal from Ambassador Gordon. Please pass immediately to Secretary of State Rusk, Assistant Secretary Mann, Ralph Burton, Secretary Defense McNamara, Assistant Secretary Defense McNaughton, General Maxwell Taylor, CIA Director John McCone, Colonel 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.

1. Since my message on Friday, effects of Navy crisis have substantially worsened the overall situation and possibly shortened the time factors. The replacement of Navy Minister Silvio Mota by a super-annuated left-wing Admiral, Paulo Mario Cunha Rodrigues, reliably reported to have been proposed by Communist leaders and the CGT, the retention of Aragao as Marine Commandant, and the total amnesty for the rebellious sailors and Marines, are all body blows to the morale of the officer corps of all three services and are apparently frightening many congressmen. (We expect more light on latter point from Brasilia Monday). The worst feature of the episode is that the tactical moves by the palace Friday afternoon were directed hour by hour by a close-knit group composed mainly of Communists. Left-wing group now talking openly about new advances beginning with "cleaning out the Army". Resistance forces, both military and civilian, seeking recover from unexpected setback and consulting feverishly on future courses of action.

2. Re para 2 of reference, will transmit bill of goods as soon as available. I have had no direct contact with military plotters. My definite judgement is that ARMA must continue intelligence contacts for which he uniquely qualified, but that any operational contacts will become responsibility of [REDACTED]

3.3 (b)(1)

3. Re para 3 of Saturday's message purpose of unidentified arms made available soonest and if possible pre-positioned prior any outbreak of violence could be manifold, depending on unforeseeable development of events. Could be used by Para-military units working with Democratic Military groups, or by friendly military against hostile military if necessary. Immediate effect, which we stress, would be holster will to resist and facilitate initial success. Given Brazilian predilection joining victorious causes, initial success could be key to side on which many indecisive forces would land and therefore key to prompt victory with minimal violence. Risk of later attribution to us Government covert operation seems minor to us in relation positive effects if operation conducted with skill, bearing in mind that many things we don't do are being regularly so attributed.

SANITIZED

E.O. 13292, Sec. 3.5

NLJ 03-286

By *iw* NARA, Date *2-24-04*

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4. Re paragraph 4 of Saturday's message, my purpose in paragraphs 14 and 18 of Friday's message was to make clear that in civil war type situation our ability show force promptly in response appeal from from politically recognized democratic side might be crucial determining factor in early victory that side. I well understand how grave a decision is implied in this contingency commitment to overt military intervention here. But we must also weigh seriously the possible alternative, which I am not predicting but can envisage as real danger of defeat of democratic resistance and communization of Brasil. We did not intend naval operation to be covert, and overt maneuvers in South Atlantic could be healthy influence.

3.3
(b)(1)

5. Re para 5 of Saturday's message recent Arma reports cover much of this ground. We will continue studying and reporting regularly on these questions, especially possibility and consequences initiative of group of covernors without prior Congressional coverage.

6. Re para 6 of Saturday's message, I see no present point in foot-dragging on debt negotiations or hold action on AID loans, unless preceded by some clear indication of United States government concern with basic problem of Brasilian political regime. No one expects action on debts until a month hence anyway. In case of AID projects of direct interest to clearly democratic elements, such as Cemat, we believe approvals and announcements should continue. We shall evaluate each case as it arises in light of political effects at the time. If we later reach point of wanting to suspend aid publicly, which would be especially dramatic if wheat included, more appropriate time would be in response more obvious political developments than have yet occurred and which would probably include direct attacks on our economic interests. On this subject I await eagerly your April 1 advice on coffee penalties.

7. What is needed now is a sufficiently clear indication of United States government concern to reassure the large numbers of democrats in Brazil that we are not indifferent to the danger of a Communist revolution here, but couched in terms that cannot be openly rejected by Goulart as undue intervention. I am cancelling my trip programmed to Alagoas and Bahia Monday through Wednesday, sending Kubish to represent me, and this cancellation will convey some measure of concern. Our discreet,

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informal contacts with friendly Brazilians also help. Nothing that we here can do, however, will be nearly as influential as a high-level Washington statement. Press reports at home on the navy crisis surely could serve as a peg for such statement.

8. I therefore reiterate recommendation in para 17 of Friday's message. In light developments described para 1 this message, earliest possible action would achieve optimum results.

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