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Excerpts from John F. Kennedy's conversation regarding Brazil with U.S. Ambassador to Brazil Lincoln Gordon on Monday, October 7, 1963 (Tape 114/A50, President's Office Files, John F. Kennedy Presidential Library, Boston)

(Participants include: JFK; Under Secretary of State W. Averell Harriman; Secretary of Defense Robert S. McNamara; Assistant Secretary of State for Inter-American Affairs Edwin Martin; U.S. Ambassador to Brazil Lincoln Gordon; US Agency for International Development (USAID) Administrator David Bell; Deputy Director of the Central Intelligence Agency Marshall Carter; CIA Director of Covert Operations Richard Helms; Special Assistant to the President Ralph Dungan)

GORDON:

...that the program which was agreed here [in March 1963] began to be carried out in part by [then-Brazilian Finance Minister Santiago] Dantas, although he was running into some obstacles it still looked pretty hopeful. Unfortunately, in the middle of June [1963] he and the rest of the then-cabinet was removed and since that time his successor, the new finance minister [Carlos Alberto Alves de Carvalho Pinto], who had a good reputation but does not seem to be a strong man, has been rather slow in getting to the making of a new program. His record is not entirely bad, but we still have another month or so from now *if* he's still there. We have not really had a resumption of the thread of the Dantas-Bell, of the Dantas-Bell agreement. Meanwhile, the rate of inflation has become somewhat worse, but the most serious deteriorations are on the political side. There I think it's fair to say that Goulart's position has weakened all over. He has lost even more such support or confidence or hopes as he had in the center, he of course never had any on the right, and even on the left where his traditional support has been drawn from, there definitely people have lost confidence in him, lost confidence in his capacity to administer, lost confidence in his capacity to carry out any consistent policy for any length of time. They still work with him in an opportunistic kind of way, but without any feeling of support. The feeling, the growing sentiment in the country, that he isn't necessarily going to last the two-and-a-quarter years that his constitutional term has left, has been growing, was growing before I left on the 11th of Sept—12th of September, and apparently has grown even more in the last three weeks. My own guessing at the present time is that there's about a fifty-fifty chance that by early next year he will no longer be there. That doesn't mean one counts him out entirely. Fifty-fifty is fifty-fifty. I must say from the point of view of policy that if he could be peacefully gotten out, I think this would be a very good thing for both Brazil and Brazilian-American relations.

How could that happen? An optimistic hypothesis—there are two—one is that the military, present military leadership, might persuade him that law and order in the country could only be maintained if he were to leave. He could go abroad or retire as [former Brazilian leader Getulio] Vargas once retired in 1945 to his farm in the south.

The alternative is impeachment, which can be done by a majority, an absolute majority in the lower house of Congress. It doesn't seem likely yet but there is growing talk about it. I still believe that unless he makes a frontal attack on the Congress this is unlikely. But I must say it's less unlikely today than it seemed a month ago and this may grow. You're of course familiar with these discussions of the declaration of the state of siege over the last few days. This afternoon the request was withdrawn. The military indicated in a face-saving manner that they thought the immediate need for it had disappeared, and they therefore concurred in its withdrawal. The reasons for the opposition to it, were that it, it was a two-edged sword as proposed. It was a sword obviously intended by the military to be used against extremist labor leadership and political strikes, but possibly intended to be used by some of the left wing against the governors or governments of the states of Guanabara—this is Carlos Lacerda—and Sao Paulo—Adhemar de Barros—and also I think on the moderate wing in Congress a great fear of censorship, because since they don't have the instruments of government at their command, the public opinion media are extremely important to them. The government has been doing a lot of unpleasant things in this field—the loose censorship of television, for example, a lot of pressure on the press—and I believe that the right and center of Congress was very much concerned that the censorship power under the state of siege would in fact be used against their interests. In any case, that particular proposal has been withdrawn for the moment.

There is a third hypothesis, which is nice from our point of view, which is that he doesn't de facto get out, but comes under really a kind of continuing military restraint and tutelage, does appoint, or give more authority, delegate really, to a moderate cabinet, virtually full authority, and stops getting in the way [*slight chuckle*], stops interfering in effect with a consistent or moderate policy. A moderate policy can't just be a status quo policy, because the economic conditions are deteriorating badly and it really takes some positive action to turn the corner on inflation, which Dantas *had* begun to do, but which unfortunately subsequently has turned the other way again. One little example of the weakness of the situation: last month, starting with the sergeants' rebell[ion]—well, there was a strike in the city of Santos first, lasted three or four days, required the army to occupy the fort, in order to stop it; then there was the sergeants' rebellion in Brasilia, then there started a series of sporadic bank strikes all over the country, affecting particular cities for different lengths of times, particular banks for different lengths of time. This created generalized runs. The Bank of Brazil had to pump into the banking system 120 billion cruzeiros, of freshly-issued currency, against the 30 billion which for that month was in their program, their monetary program. If things really quieted down they might get a lot of that back, but I don't think they're likely to in the present circumstances. This will be—is—will be—is already, and will be a further source of inflationary pressure.

The present situation on the labor front for the moment is calm. I don't think there are any building strikes. But the immediate strike season is by no means off; even on economic grounds this is the period for renegotiation of annual wage contracts and political strikes of course are always a possibility. There'll be one very critical indicator of the president's line at the end of this month because the national industrial workers' confederation, which is by far the biggest and most important, has its first election of a new directorate since December 1961 coming. It came at that time, you may recall, under

pretty strong left-wing including some communist domination, and there obviously will be an effort now, on the one hand to weaken this or get rid of it, and on the other hand, to make it even more left wing than it was before.

The broad lines of policy which we have been working on and thinking about, and based on the situation, fall into two parts. One is on the general hypothesis that somehow he survives, that Carvalho Pinto, the new finance minister, although a weaker man than Dantas, does at least prevent things from going completely to pot on the inflation front; that Goulart withdraws enough support or takes a sufficiently hostile posture to the left-wing elements in the labor movement to keep them from getting out of hand; that things don't greatly improve, but they don't worsen so badly that a crisis of regime is inevitable. Then the broader line of policy is suggested, in a paper which was approved by the Latin American Policy Committee tentatively last Thursday [October 3, 1963]. I don't know whether you glanced at it yet or not, [unclear] that's the piece of paper in front of you.

Basically, this is to continue to work, and to work indeed if anything *more* intensively, with the large open forces available to us, which are forces that will help to restrain Goulart from doing bad things or even worse things, and help to ensure a better succession to him, either in the event that he somehow disappears in these two years or in the election of 1965; the term ends on January 31, 1966. In the event that he should be removed by impeachment or by this kind of forced resignation, semi-voluntary resignation, the legal position is that the Speaker of the House [President of the Chamber of Deputies; Pascoal Ranieri Mazzilli] would succeed for the time being and the Congress would then elect an interim successor for the rest of the term within 30 days. Ralph Dungan produced a series of questions, and asked—one of them was, who would succeed? Now, this is hard to tell. There is nobody like General [Charles] de Gaulle—if I may use a dirty word—in the Brazilian scene. There's no obvious alternative. I think this is one reason the thing hasn't happened yet. The most likely possibilities I would guess would be, conceivably, the present minister of war [Jair Dantas Ribeiro]. And many people are tempting him with this idea now, in the hopes that this will stimulate him to remove Goulart. Another kind of father figure in the scene is Marshal [Henrique Teixeira] Lott who is retired; he was the presidential candidate in 1960 who was defeated by Quadros. It's conceivable that the Speaker of the House [Mazzilli] would be left in there. He's quite popular in Congress although he's not a terribly strong man, he's a very moderate, very center, very middle-of-the-road sort of fellow, but not very strong. The President of the Senate, same general orientation but stronger as a personality, is another possibility. There's been some mention in telegrams in the last week or two of an excellent man, Juracy Magalhães, a former military man but a civilian politician for many years, was the governor of Bahia, was a one-time military attaché here, a man who represents the best type of moderate, centrist, modest, rather *wound-healing* type of Brazilian politician, and among the governors certainly the best would be the present governor of Parana, Ney Braga, whom I think you met on his visit here some while back.

The people...this is the best list I can make up, and all of them would be great improvements on the present incumbent. But none of them is an obvious fellow. [Former Brazilian President Juscelino] Kubitschek, who would probably be elected president

today if there were an election, would not be interested in this because this would disqualify him from the full five-year term which starts in 1966, and he wants to wait for that. His line in fact—Jack [i.e., Chairman of the Council on Foreign Relations John J.] McCloy was down there for a few days last week, talked with him—and his line is that “somehow we must hold this thing from falling apart completely so that I can be elected for another five-year term,” starting in 19...early 1966.

Now, strengthening these moderate forces includes working with the military. The military fall into several categories. There is a small, extreme right-wing group in the military mostly out of significant command position now, which would like to run the right-wing *golpe*. We don't think they have the capacity to do this, although they gain in friends as the situation deteriorates. There is a significant, strong left-wing group in the military. The principal name in this group is Osvaldo Alves, the former commander of the first army in Rio, who is retired, but whose name often--who is still actively politicking and whose name often appears as a possible minister of war *if* Goulart decides to opt for a left-wing group. Exactly how much support he has we don't know; we wish we knew more about this. We think it's minority, but it's spread around. There were eleven new generals created in July, including several immediate disciples of his, and he has friends at lower ranks and some significant number of friends in the air force, very few in the navy, except the head of the active marine-corps battal—marine-corps group in Rio, who's a very unpopular man, and in the sergeants. He was working with the sergeants on the organization of subversive elements in the sergeants. There again we don't think this is terribly extensive but it may be more than we realize. Certainly this Brasilia revolt was put down very quickly without too much difficulty.

The bulk of the military I think is moderate, basically constitutionally oriented, loyal to the regime, increasingly troubled with Goulart, not anxious to throw him out (although they'd be happier if he weren't there), but probably drawing a line against deliberately unconstitutional action on his part against the Congress or against state governors, and especially drawing a line against encouragement on his part of politically-motivated labor disorder with a lot of communist participation *in*.

Those I think are the main elements in the situation. This paper suggests a policy line: strengthening the moderate forces in the military to the extent we have ways of doing that; helping to stiffen the spine of moderate forces in the Congress; working—and this is especially important—with the state governors. There are twenty-two states, there is one hostile governor, there are four non-entities, and there are seventeen good governors, varying degrees of goodness. Any of the seventeen would make a much better president than the present president of the republic. Most of these are very sympathetic to us, very anxious to collaborate with us. Of course, a good many of them have been here under this deliberate policy of ours to try to get these people exposed to the United States and encourage them. The favorable groups in the labor field, students, press, public opinion and of course in private business.

This involves a rather tricky policy with respect to aid, a subject I've just been discussing with Dave [Bell] here, in which—until there is, until or unless there is a real consistent

program with respect to progressive stabilization and long-term development, we would not pick up the whole of what was proposed in the agreements with Dantas in March, but we would do quite a lot: PL-480, where we just signed a [unclear] agreement, the continuation of northeast program which is run at about 60 million dollars a year, roughly half in PL-480 funds and the other half in dollars and [unclear] funds, and a substantial program of projects, mainly directed toward state-sponsored projects by these good governors and the private sector. Dave has been somewhat shocked when I told him that I estimated this at something around a hundred million dollars a year, though I have to discuss this in detail with him [Bell: yes, please], when we get a chance. Now this is also Ted [Alliance for Progress Coordinator Teodoro Moscoso]'s figure, Dave, I must say I thought there had been some internal discussions between...

BELL:

An internal failure of communication between Moscoso and me.

GORDON

...that we're apparently having.

It means a strengthening—it means strengthening certain of our other activities, in cultural exchange, student exchange, professors, information field generally, rather quicker action on what I call the truth squad to try to deal promptly with various, various...

JFK:

Linc, let me ask you, if I can just break in, and ask you a couple of points. Now, on the... do we have any immediate decision to make on the aid...[voice (Bell?): no], as far as withholding or not withholding, or requests from them, or is it just...?

BELL:

So far as I'm aware, sir, there are no significant project decisions coming along quite soon.

GORDON:

Well, this steel one, this small steel one—

BELL:

Oh, that's an Ex-Im project, [unclear] just turned over to us. We haven't looked at it yet

JFK:

All right, now what about—

UNIDENTIFIED VOICE:

...thousand dollars

JFK:

And then you said the...

UNIDENTIFIED VOICES:

[Unclear] require a [unclear]

GORDON

Well, there are a whole bunch in the pipeline

BELL

Yeah, but I think we have—

GORDON:

No major decisions

UNIDENTIFIED VOICE:

No major decisions

JFK:

I see. Now, what decisions do we have to make in the political field immediately—nothing? Nothing? There's no situation there that's [unclear] [over?] the next week or two, or three, which are going to have—

GORDON:

Well this—you raised the question of contingencies, Mr. President. I see two categories of contingencies, one of which I call, "Comforting Contingency Requiring Rapid Response." And that is, either Goulart dropping out of the picture in this sort of peaceful fashion, or perhaps *not* so peacefully, I mean, he might be pushed out involuntarily. This would then raise the question as to what we do in the light of the Honduran, Dominican, and these other cases we've had. Do we suspend diplomatic relations, economic relations, aid, do we withdraw aid missions, and all this kind of thing—or do we somehow find a way of doing what we ought to do, which is to welcome this?

[unclear exchange]

JFK:

We did that in Ecuador. What about the—do you see a situation coming where we might be—find it desirable to intervene militarily ourselves?

GORDON:

Well, this is the other category, which I call “Dangerous Contingency Possibly Requiring Rapid Action.” This is a very tough one. The only kind of thing there—we’re working on a paper which we ought to have by now but haven’t, but we’re working actively both here in Washington and in Rio and to some extent in Panama, with [U.S. Southern Command; SOUTHCOM] General [Andrew P.] O’Meara and his people. The kind of thing which in my mind may arise is a sharp swing of Goulart to the left, a decision that in desperation he really isn’t going to get anywhere. Of course his old friends, many of them, including his brother-in-law [Brizola] and others, are advising him to do this, forget all these concessions to the center and the right, forget the United States, what we need is a strong independent left-wing line. We’re going to solve our foreign exchange problem by canceling all the debts unilaterally, we’ll expropriate American enterprises and get quite a lot of help that way, we’ll get oil from the Soviet Union so we won’t have to worry about fuel supply—[unclear; “I don’t know”?] what they do about wheat at the moment, but they’d probably do without wheat if they could, if they had to, they can eat corn, [of] which they have a surplus—and really institute, or try to institute, a revolutionary regime, a Fidelista-type of a regime if you will.

This, I think, if he were to try it today, he would *probably* be thrown out rapidly, but he might not. This is the contingency nature of the thing. [Tape 114/A50, reel 3] We can’t be sure enough of our knowledge of the relative weight of the various elements, in this military division, particularly, or of the power of the left-wing labor unions to create trouble by general strikes or sabotage for example of petroleum refineries. They are strong, and very strong, in petroleum, railroads, marine—both ports and the merchant marine—and communications--telegraph, telephone communications—this is a pretty dangerous collection of things from the point of view at least of paralyzing the ordinary operation of the country. In an event of this kind, it is possible, I don’t think it should be ruled out, that you might actually get an effort to throw him out and possibly a real division in the military and some kind of an internal clash, the beginnings of what would amount to a civil war. This was feared, seriously feared, in August 1961, that’s why the Congress finally came to this compromise. At that time the First Army in Rio was against letting Goulart in, the Third Army in the south of the country was in favor of letting him in, the Second Army hadn’t really decided. They really were afraid of a violent dispute. We want to think more about this kind of thing. I must confess that such preliminary looking as we’ve done suggests that military intervention of an overt type, is not too likely to arise, at least military intervention on any scale. We had a preliminary look, Bob [McNamara], at the question General O’Meara asked at one time: Suppose the country

fell under communist control, control of a communist group, and there were really a question of a military invasion to recapture it, what would it take? Well, it was gonna take six divisions, I've forgotten how many ships and aircraft and whatnot, I mean, it was a really *massive* military operation. We tried to examine various contingencies of possible divisions, political divisions, and we came to the conclusion that for the most part, it all depends on what the Brazilian military do. If the Brazilian military are substantially all against Goulart he would disappear, and if they're substantially all in favor of him, and it's only people like the governor of Sao Paolo [Adhemar Pereira de Barros] and the governor of Guanabara [Carlos Lacerda] and so on who are against him, they [wouldn't] be able to hold out more than 48 hours. There was talk about the southern governors trying to organize some sort of a move against Goulart—we don't see very much in this—but in the event of a, something like an equal division, in the organized Brazilian military themselves, especially the army and the air force, the air force being important because of mobility, it is conceivable we might be asked for help of one kind or another, we might be asked for fuel, we might be asked for something, ammunition, *in some place*. This is what we want to study further. And I must say, I would not want us to close our minds to the possibility of some kind of discreet intervention in such a case, which would help see the right side win.

UNIDENTIFIED VOICE:

If the internal communications in Brazil are so bad, and so easily interrupted, by the unions, for example, that [then?] something very discreetly prepared would help, particularly on fuel, might be very significant to turn the battle.

UNIDENTIFIED VOICE:

Right

JFK:

Well, how are we going to get that contingency [unclear]?

GORDON:

We've got some things

McNAMARA:

Mr. President, we're working on it. General O'Meara and the State [bureau?] are doing some plans. I think we need to think of something perhaps larger than that at least to extend to our planning. It's entirely possible the military could split and one fairly substantial group go the one way, and another even larger group go another way, and at that point we might have to choose between the two groups and decide whether to support one or the other. In the event we decided to support one militarily, it could be a rather substantial introduction of US forces and it seems to me that's the kind of a

contingency plan we should be working toward. I spoke to the [Joint] Chiefs [of Staff] about it again this afternoon. They've been working on it rather casually up to this point. I think we can accelerate our work. And we work of course with State to that end...

JFK:

[It's a] fairly difficult place place for us to operate, isn't it? It isn't necessarily—you said, what, how many days by ship, ten or twelve days to get some ships there?

McNAMARA:

Yeah, but we'd have to move rapidly by air, and we have some capability for that.
[unclear]

UNIDENTIFIED VOICE:

I must say, *unless* it looks like the extreme leftist forces under communist [*Kennedy acknowledges*] domination had a good chance of winning, I'm pretty strong for the principle, let the Brazilians fight it out, so—[JFK: But I think the--]—for example, we have to have our plans prepared just in case.

JFK

And then the other one, the other contingency which I think is quite possible is that, towards the end he may do what you said that, about going violently to the left, seizing our property, [unclear] that presented us with a [unclear] I think that you ought to try to maintain as good relations with him as possible...I noticed [unclear] thinking about letters. I don't know whether I ought to still go down there or, in other words, make it so that his justification for that publicly becomes as little as possible [Voice: yeah] and he doesn't want to burn all his bridges. Therefore, it seems to me that in applying screws on the aid that we'd have to do it with some sensitivity, the fact that he may just [unclear] What suggestions do you have [unclear]? You think I ought to go down there or not?

GORDON

Well, I'd like to take another reading, I've been away for three-and-a-half weeks now. I must say that the way things have developed very recently [JFK: How 'bout you, ...?] I lean on the negative side. I thought a couple of months ago—[pause, indistinct JFK low words]—that if you wanted to consider going down to this Inter-American meeting, the Economic and Social Council [CIES] meeting in Sao Paulo which Averell [Harriman] was gonna head our delegation to, in November, that this might have a dual advantage of both a sort of resuscitation of the Alliance for Progress exercise which is what the meeting is all about, plus having an opportunity for visiting Brazil without having it too much simply giving political benefit to Goulart which we obviously don't want to overdo. It's gotten a little late for that anyway, and I must say as the situation in Brazil

has deteriorated, without taking another first-hand reading I wouldn't want to advise you in favor. I would have to advise you against, at the present moment....

[...]

UNIDENTIFIED VOICE:

So there's nothing in that paper, Mr. President, which would cool at all our present relations with Goulart. In other words, there's nothing in there that would give him any excuse, any more than he's had for the last year in any event, to say that we're not being forthcoming to assist him. As a matter of fact we've rolled over some treasury debt. There's only one possibility that Ex-Im thing, on that steel plant that they might be asking about, whether there's an option to give him a loan for this steel plant unless the AMFORP [American Foreign Power Co.] case is settled, they're still dragging their feet on this...

GORDON

And then there's concern about AMFORP, he's really concerned about the general...
[unclear]

UNIDENTIFIED VOICE:

Oh yeah.

UNIDENTIFIED VOICE:

I think we're being very careful also to not get involved with all of this coup [unclear]—
[Voice: Oh yes.]—which could be very...

GORDON

I was going to mention, though, Mr. President, the problem of our business interests. So far, we've been running a rearguard action on preventing injurious action. And we've been pretty successful since the expropriation of IT & T [International Telephone & Telegraph] in avoiding any serious action although there have been a lot of hot threats on the pharmaceuticals, on the oil distributors, on the meat packers, and of course on the utility companies. The other side of that coin is that neither our people nor any other private foreign investors are getting much out these days, there's a kind of creeping moratorium, in fact a creeping moratorium. They are getting restive. Every once in a while the treasury there gives them a little bit to calm them down. There is always the possibility that this restiveness may get too great. In the case of American Foreign Power [AMFORP] specifically, they have factually repudiated the memorandum they signed in April, although they haven't overtly done so. They have made it clear that they will not make the settlement, whatever it is, retroactive to January first of this year. I think the company is losing money at the present time. And we're trying to help press them to raise

the rates, which ought to be done anyway for all the electricity operations in the country, 'cause this is one of the sources of budgetary deficits. And I think we may make some headway there. That at least will prevent the situation from getting worse. At any point at which AMFORP believes that it is suffering clearly creeping expropriation and thinks that it ought to start raising hell about the Hickenlooper Amendment in this connection, we may be put behind the eight ball exactly the same way we were by IT & T last year. I don't think we're entirely free agents in this regard. The oil company problem is a serious one. I talked briefly to Standard—Jersey Standard people today. They got into bad arrears a year ago, they consolidated the then-arrears into two payments, March and September, they have made those, but they really made those by backing up new arrears during the course of the present year. Last Friday, the previous Friday, they called in the oil company representatives for a discussion of consolidation of the new arrears, and the companies are trying to see if they can't work out some method of accepting the consolidation but on some more stern conditions so that it won't happen all over again because it's just a question of filling up one hole at the expense of creating another.

But behind this there are some other nasty problems. Petrobras has made a deal with Rumania about aviation gasoline, and our distributors may be asked to distribute Rumanian aviation gasoline. They don't like to do this either on technical grounds or on political grounds. This will be a very tough one for us to confront. There is the question, of course, if they get into bigger oil business with the Soviet Union, about Soviet gasoline and other products as well.

So I think we may have coming at us from the business front, so to speak, various types of pressures, if the situation continues to get worse, which may require some kind of policy responses. At the moment, the policy line is to try to help work with these people...

JFK:

But I think it depends on them, they have to understand that business, if they push hard and we get the Hickenlooper Amendment [words unclear] completely, so that they should understand that they're not completely free to...

GORDON:

That's right, that's right, I think on the whole they've been pretty good, they've been very tolerant, [X: AMFORP's been very good] that's right, AMFORP

JFK

Well, now, what else [unclear; do you have?] today? The military's going ahead with that contingency planning, I think this paper is a pretty good paper, we could do these things

UNIDENTIFIED VOICE:

The CIA has some contingency questions in this too, also some activities

[...]

GORDON

Mr. President, on the question of your visit there was one slightly unhappy episode which I must say I found rather troublesome. When I talked to the president [Goulart] in August he made a great point and came back to the same—made a great point, and I reported all this at that point in time without recommendation. Shortly thereafter, some garbled story came out because of a conversation between a Brazilian newspaper reporter and one of my embassy officers in Brasilia and this got wired up here and Pierre [Salinger] was asked a question about it and said, “the president is not contemplating a visit to South America this year under any circumstances” or something like that. I think it was just one of those accidental things. But the next time I saw Goulart it was quite clear that he thought this was a deliberate slap in the face, a cold blanket, a towel thrown directly in his face, and he was quite sore about it. If we could avoid this particular kind of episode it would be helpful.

JFK

[Unclear]...What is our position then as far as my going there?

[GORDON?]:

I think our position is that you certainly want to visit South America at an appropriate time. You've got Congress in session here and the prospects in the near future don't look very good, but you want to keep reexamining the situation to see when it might be suitable, useful

JFK

Do you have anything CIA want to say?

[...]

JFK

But I hope—this is a good—there's a lot of good material here [unclear] we can get it really pushed ahead...[unclear] responsible for carrying it out, might, for example, just have some military suggestions here as to what we're going to do about changing the requirements [unclear] officers [unclear] and so on