

H. J. HRAUBIKH

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17 OCT 63

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LATIN AMERICAN WEEKLY BRIEFS (NOFORN IN SLANTS)

1. MEXICO-CUBA: MEXICO REPORTEDLY HAS AGREED TO SELL ITS ENTIRE 1963 WHEAT SURPLUS OF 275,000 TONS TO SILVIO TRICERRI, THE LOCAL PURCHASING AGENT FOR THE MLOC. TRICERRI, A PERONIST ARGENTINE NOW OPERATING OUT OF SWITZERLAND, HAS PREVIOUSLY ~~RECENTLY~~ BOUGHT FOOD IN MEXICO FOR CASTRO, AND THE PROPOSED WHEAT PURCHASE MAY ALSO BE FOR CUBA. THE SALE PRICE IS ABOVE THE WORLD-MARKET PRICE BUT BELOW THE HIGH DOMESTIC PRICE PAID TO MEXICAN GROWERS BY THE MEXICAN GOVERNMENT PURCHASING AGENCY. (CONF)

2. COSTA RICA: THE US DECISION TO SELL WHEAT TO THE SOVIET UNION IS CAUSING MANY COSTA RICANS TO FAVOR RECONSIDERATION OF THEIR COUNTRY'S NEGATIVE ATTITUDE TOWARD TRADE WITH COMMUNIST NATIONS, ACCORDING TO ~~RELIABLE SOURCE~~ ~~RELIABLE SOURCE~~ IN SAN JOSE. A RECENT EDITORIAL IN LA REPUBLICA, WHICH USUALLY REFLECTS THE OPINION OF THE INCUMBENT NATIONAL LIBERATION PARTY, ADVOCATED REVISING THE COUNTRY'S TRADE POLICY IN THIS RESPECT. ALSO, ~~RELIABLE SOURCE~~ COSTA RICA'S CHRONIC ECONOMIC DIFFICULTIES COULD ENCOURAGE A SHIFT

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UNIT
EXT
DATE

CLASSIFIED MESSAGE

SECRET

☐ INDEX
☐ NO INDEX
☐ FILE IN CS FILE NO.

ROUTING	
1	4
2	5
3	6

TO

FROM: DIRECTOR

CONF:

INFO:

DEFERRED

ROUTINE

TO

INFO

PAGE -2- OF 8

CITE DIR

SECRET

IF ATTRACTIVE TRADE OFFERS WERE FORTHCOMING FROM THE COMMUNISTS. LOCAL COMMUNISTS HAVE RECENTLY AMPLIFIED THEIR ADVOCACY OF MORE TRADE WITH THE "SOCIALIST COUNTRIES." (CONF)

3. CENTRAL AMERICA: WHILE THE HONDURAN REGIME CONTINUES TO SEEK INTERNATIONAL RECOGNITION, OTHER CENTRAL AMERICAN GOVERNMENTS ARE URGING IT TO RETURN TO AT LEAST A SIMULACRUM OF DEMOCRATIC GOVERNMENT UNTIL ELECTIONS CAN BE HELD. IT SEEMS QUESTIONABLE, HOWEVER, THAT THE REGIME WILL FOLLOW STRICTLY CONSTITUTIONAL PROCEDURES BECAUSE TO DO SO MIGHT MEAN INSTALLING A NEW PRESIDENT UNACCEPTABLE TO THE MILITARY.

4. GUATEMALA: ANOTHER CLANDESTINE REPORT OF COUP PLOTTING BY DISGRUNTLED MILITARY ELEMENTS ASSERTS THAT THE CONSPIRATORS ARE READY TO MOVE AT ANY TIME, AND WILL USE THE PRETEXT THAT A COMMUNIST COUP IS IMMINENT. THIS APPEARS TO BE A WEAK PRETEXT IN VIEW OF THE PERALTA REGIME'S STRONG ANTI-EXTREMIST MEASURES WHICH HAVE THROWN THE COMMUNISTS INTO DISORDER. POLICE FORCES WERE PLACED ON ALERT ON 14 OCTOBER, BUT IT IS NOT CLEAR WHETHER THIS WAS PROMPTED BY RUMORS OF A COUP.

5. PANAMA: FOREIGN MINISTER SOLIS SAYS THAT HIS GOVERNMENT WILL, IN THE NEXT FEW WEEKS, AGAIN REQUEST FORMAL NEGOTIATIONS WITH THE UNITED STATES TO REVISE THE 1903 TREATY COVERING THE CANAL ZONE. WITH A

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CLASSIFIED MESSAGE

SECRET

PAGE -3- 8

76506

PRESIDENTIAL ELECTION SET FOR NEXT MAY, THE CHIARI GOVERNMENT'S RAISING OF THE CANAL ZONE PROBLEM AT THIS TIME SEEMS INTENDED AS AN EFFORT TO KEEP THE INITIATIVE AWAY FROM ITS OPPONENTS ON THIS HIGHLY EMOTIONAL ISSUE. BELIS ADMITTED AS MUCH BY SAYING THAT THE OPENING OF NEGOTIATIONS WOULD "KEEP THE PANAMANIAN PUBLIC QUIET." (CONF)

6. DOMINICAN REPUBLIC: CONTINUING POLITICAL ISOLATION AND REPORTED COUNTERCOUP PLOTTING BY BOTH ITS OPPONENTS AND SOME AVOWED SUPPORTERS ARE MAKING THE NEW GOVERNMENT'S FUTURE INCREASINGLY UNCERTAIN.

TRIUMVIRATE LEADER EMILIO DE LOS SANTOS IS REPORTED TO BE ABOUT TO RESIGN ALLEGEDLY BECAUSE OF HIS DISGUST WITH "SORDID ACTIVITIES OF THE POLITICAL PARTIES PARTICIPATING IN THE REGIME." CIVILIAN LEADERS AND MILITARY BACKERS OF THE NEW GOVERNMENT ARE REFUSING TO RELINQUISH THEIR POWER TO JUAN CABASNOVAS, PRESIDENT OF THE DISSOLVED SENATE AND THIRD IN PRESIDENTIAL SUCCESSION UNDER THE ABROGATED CONSTITUTION, WHO CLAIMS THAT A RECENT QUORUM OF THE DEPOSED CONGRESS SECRETLY ELECTED HIM PRESIDENT. HE HAS BEEN SEEKING HEMISPHERIC RECOGNITION AS THE CONSTITUTIONAL PRESIDENT.

7. ECUADOR: TEN ECUADOREAN ARMY OFFICERS ARE TAKING A 75-DAY COURSE IN ISRAEL ON AGRICULTURAL ADMINISTRATION. THE ECUADOREANS WILL

SECRET

ORIG
UNIT
EXT
DATE

☐ INDEX
☐ NO INDEX
☐ FILE IN CS FILE NO.

CLASSIFIED MESSAGE

S E C R E T

12-02

ROUTING

1	4
2	5
3	6

TO :

FROM: DIRECTOR

CONF:

INFO:

DEFERRED

ROUTINE

TO

INFO PAGE -4- OF 8

CITE DIR

75506

REPORTEDLY APPLY THE KNOWLEDGE THEY GAIN TO THE AGRARIAN REFORM PROGRAM CONTEMPLATED BY THE GOVERNING JUNTA. SINCE ISRAEL AND ECUADOR SIGNED A THREE TECHNICAL ASSISTANCE AGREEMENT IN FEBRUARY, THE FORMER HAS PROVIDED HYDROLOGY REPORTS AND A MISSION TO EXPLORE MEANS OF STIMULATING ECUADORIAN AGRICULTURE AND INDUSTRY. (CONF)

8. ECUADOR: THE ACTING MILICE DIRECTOR OF THE POWERFUL CONSERVATIVE PARTY HAS REITERATED THE PARTY'S INTENTION TO WITHDRAW ITS SUPPORT FROM THE GOVERNING MILITARY JUNTA. HE ADVOCATES THE EVENTUAL ESTABLISHMENT OF A DICTATORSHIP, EITHER CIVILIAN OR MILITARY. IN THIS CONNECTION, HE MENTIONED THE NAME OF THE AMBITIOUS DEFENSE MINISTER, GENERAL AURELIO BARRALLO, WHO HAS BEEN CLOSE TO THE CONSERVATIVES. (CONF)

9. VENEZUELA: THE MINISTER OF DEFENSE POSSESSES A FURTHER INCREASE IN TERRORIST ACTIVITIES. HE INTIMATED TO THE US AMBASSADOR ON 9 OCTOBER THAT THE ARMY IS HAVING TROUBLE SUPPRESSING VIOLENCE LARGELY BECAUSE OF THE GOVERNMENT'S PAST LAXNESS. HE WAS GLOOMY ABOUT THE FUTURE AND CRITICAL OF THE GENERAL PUBLIC'S LACK OF COOPERATION. (CONF)

10. BOLIVIA: THE POLITICAL FORTUNES OF PRESIDENT VICTOR PAZ ESTERROSO, WHO WILL ARRIVE ON 22 OCTOBER FOR A TWO-DAY WASHINGTON VISIT, HAVE IN RECENT MONTHS STRADILY IMPROVED, AND HIS POSITION IS NOW PROBABLY

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SECRET

PAGE -5- OF 8

76506

STRONGER THAN AT ANY TIME SINCE HIS ELECTION IN 1960. SINCE THE FIRST OF THE YEAR, HE HAS SCORED GAINS AT THE EXPENSE OF HIS PRINCIPAL OP-
ponents, THE MOST POWERFUL OF WHOM STAND WELL TO THE LEFT OF HIS AD-
MINISTRATION, AND HAS SO FAR MANAGED TO MAINTAIN CONSISTENCY IN HIS
POLICIES.

11 BRAZIL //PRESIDENT GOULART HAS SUFFERED TWO SERIOUS SETBACKS
~~RECENTLY~~ THE OVERWHELMING OPPOSITION ^{to} HIS REQUEST FOR A STATE OF
SIEGE WHICH FORCED HIM TO WITHDRAW HIS REQUEST AND THE CONGRESSIONAL
VOTE ~~AGAINST~~ AGAINST HIS AGRARIAN REFORM CONSTITUTIONAL AMENDMENT.

GOULART'S BACKTRACKING IN THE FACE OF THE CONGRESSIONAL OP-
POSITION TO HIS REQUEST FOR A STATE OF SIEGE REPRESENTS A SERIOUS BLOW
TO HIS RELATIONS WITH CONGRESS. THE FLOOR LEADER OF HIS OWN LABOR PARTY
IS BEING REPLACED AS A RESULT OF HIS OPEN OPPOSITION TO THE REQUEST.

~~THE US EMBASSY IN BRASILIA COMMENTS THAT GOULART'S GOVERNMENT
COALITION IS IN SERIOUS DANGER OF DISSOLUTION WITH THE LADDER SOCIAL
DEMOCRATIC PARTY (PSD) AGREEING TO MEET ON 14 OCTOBER TO DISCUSS
RECENTLY BREAKING WITH GOULART. ONLY 11 OF THE 120 PSD DEPUTIES SUP-
PORTED GOULART'S AGRARIAN REFORM AMENDMENT.~~

~~US~~ ~~STAY DIA~~
THE EMBASSY ~~ALSO~~ COMMENTS THAT CONGRESSIONAL SENTIMENT FOR

SECRET

CLASSIFIED MESSAGE

SECRET

1742

ROUTING

1		4
2		5
3		6

11-INDEX

11-NO INDEX

11-NO INDEX (CS FILE)

EXTRACT

CONF

INFO

DEFERRED

ROUTING

INFO

PAGE -6- OF 8

CITE DIR

76506

IMPENDING GOULART HAS BEEN CONSIDERABLY STRENGTHENED BY RECENT EVENTS, ALTHOUGH PERHAPS NOT TO THE POINT OF POSING AN IMMEDIATE THREAT TO HIM.

IN ARRIVING AT HIS CONCLUSION TO WITHDRAW HIS REQUEST FOR A STATE OF SIEGE, GOULART TURNED TO HIS LEFTIST BROTHER-IN-LAW LEONEL BRIZOLA FOR ADVICE, ACCORDING TO A USUALLY RELIABLE CLANDESTINE SOURCE. THEY REPORTEDLY AGREED THAT GOULART SHOULD THREATEN APPEALS FOR WITHDRAWAL FROM VARIOUS GOVERNORS, MAYORS, AND STUDENT AND TEACHERS' UNIONS AS A "VOTE OF CONFIDENCE" AND THAT GOULART SHOULD CONCENTRATE ON REGAINING THE SUPPORT OF THE "POPULAR FORCES"

PRO-COMMUNIST MIGUEL ARRAS, GOVERNOR OF PERNAMBUCO, HAS ALREADY PUBLICLY PROCLAIMED GOULART'S ACTION AS A "VICTORY FOR THE PROGRESSIVE FORCES."

ADDING TO GOULART'S WOES IS DISSATISFACTION IN THE MILITARY ESTABLISHMENT OVER WAR MINISTER RIBEIRO'S HANDLING OF THE REQUEST FOR THE STATE OF SIEGE. THE US ARMY ATTACHE HAS SEEN A LETTER FROM THE ARMY CHIEF OF STAFF TO RIBEIRO IN WHICH HE CASTIGATES THE WAR MINISTER FOR NOT HAVING DISCUSSED THE SITUATION WITH MILITARY LEADERS PRIOR TO URGING GOULART TO SEEK A STATE OF SIEGE. //

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CLASSIFIED MESSAGE

SECRET

PAGE 17-OF 8

CITE 76506

12. BRAZIL: // SAN THIAGO DANTAS, A MAJOR BRAZILIAN POLITICAL FIGURE, HAS TOLD US AMBASSADOR GORDON THAT HE IS MORE PESSIMISTIC ABOUT BRAZIL THAN AT ANY TIME SINCE GOULART CAME TO POWER TWO YEARS AGO.

DANTAS, WHO WAS BOTH FOREIGN AND FINANCE MINISTER IN GOULART'S CABINET, SAID THAT WHILE PLEASED WITH THE WITHDRAWAL OF THE STATE OF SIEGE REQUEST, HE FELT THAT THE EPISODE HAS FURTHER UNDERMINED CONFIDENCE IN THE VIABILITY OF THE ~~EXISTING~~ INSTITUTIONAL STRUCTURE OF THE COUNTRY. HE BELIEVES IT HAS LAID THE BASIS FOR FURTHER POLARIZATION OF POLITICAL OPINION.

DANTAS THINKS THAT THE PRINCIPAL REASON GOULART WITHDREW THE REQUEST WAS THE MASSIVE OPPOSITION FROM THE "SO-CALLED POPULAR FORCES," BY WHICH HE MEANT LEFTIST EXTREMISTS, WHO PROBABLY FELT THAT THE STATE OF SIEGE MIGHT BE USED TO TAKE ACTION AGAINST THEM. (BUO) //

13. YUGOSLAVIA - LATIN AMERICA - NONALIGNED STATES: // MEMBERS OF TITO'S ENTOURAGE CONSIDER THAT HIS RECENT VISITS TO BRAZIL, CHILE, AND BOLIVIA WERE FAILURES. ACCORDING TO A USUALLY RELIABLE CLAUDRISTINE SOURCE, THEY WERE EXTREMELY PLEASED BY HIS ~~WARM~~ ~~WARM~~ RECEPTION IN MEXICO, HOWEVER, APPARENTLY BECAUSE OF THE CONSIDERABLY LARGER PUBLIC TURNOUT. TITO REPORTEDLY CAUSED SOME CONSTERNATION AMONG DELEGATES

SECRET

CLASSIFIED MESSAGE

SECRET

ROUTING

1	4
2	5
3	6

FROM: DIRECTOR

CONF:

INFO:

DEFERRED

ROUTINE

PAGE -8- OF 8

CITE DIR

76506

FROM THE NONALIGNED STATES AT THE UN BY HIS REMARKS IN LATIN AMERICA THAT THE CONCEPT OF BLOCS AND NONALIGNED STATES HAS BEEN SUPERSEDED BY A NEW DIVISION OF THE WORLD INTO STATES WORKING FOR "PEACEFUL CO-EXISTENCE" AND THOSE AGAINST IT. //

14. THE LATIN AMERICAN FREE TRADE ASSOCIATION: THE LATIN AMERICAN FREE TRADE ASSOCIATION (LAFTA) IS CURRENTLY IN SESSION TO NEGOTIATE A ~~THEY~~ THIRD ROUND OF TARIFF REDUCTIONS ON INTRA-REGIONAL TRADE. THE LAFTA TREATY PROVIDES FOR THE ELIMINATION OF TARIFFS ON "SUBSTANTIALLY A." INTRA-REGIONAL ~~COMMERCE~~ COMMERCE BY 1972 AND INDICATES THAT ~~BY~~ THIS WILL BE A STEP ^{TO} ~~FORWARD~~ THE EVENTUAL FORMATION OF A CONTINENTAL COMMON MARKET. THE PROSPECT HAS NOT ONLY STIRRED THE IMAGINATIONS OF ECONOMISTS AND BUSINESSMEN IT HAS SPARKED THE INTEREST OF POLITICAL LEADERS, WHO PERCEIVE POSSIBILITIES OF DEVELOPING LAFTA AS A ~~WEAK~~ FORCE FOR EXTENDING LATIN AMERICAN INFLUENCE IN WORLD ~~ECONOMIC~~ COUNCILS

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