

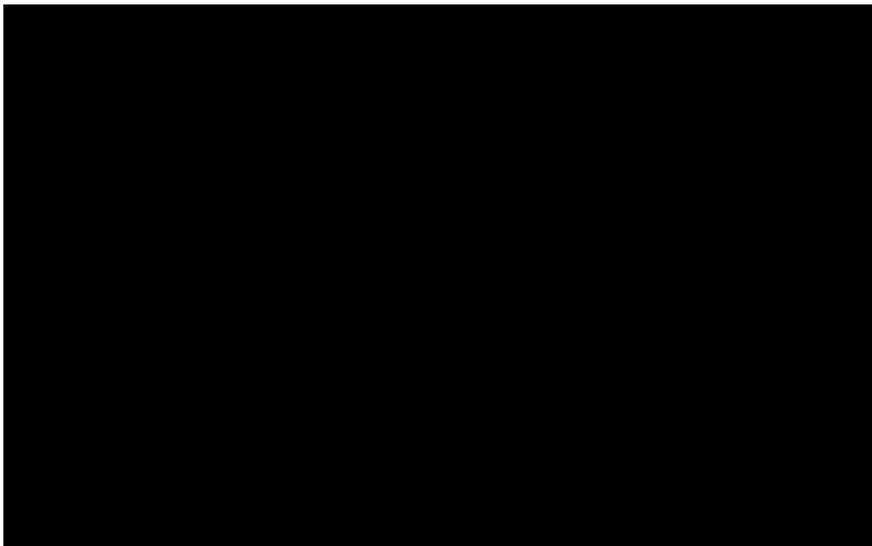
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10 August 1962

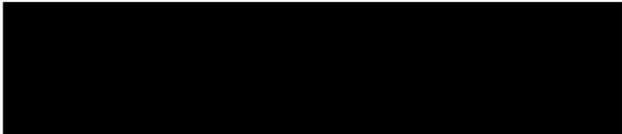
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# CURRENT INTELLIGENCE WEEKLY REVIEW



CENTRAL INTELLIGENCE AGENCY  
OFFICE OF CURRENT INTELLIGENCE

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CURRENT INTELLIGENCE WEEKLY REVIEW

BRAZIL

The leftist regime of President Goulart is making considerable headway in its drive to re-establish a strong presidency, and Goulart appears increasingly confident of his political strength and military backing. The recently appointed ministers of war, navy and air have all publicly endorsed the government's call for an early plebiscite on abolition of the parliamentary system established last September and a return to a strong presidency. Prime Minister Brochado da Rocha, who is expected within the next few days to ask congress to grant the early plebiscite, is acting as an agent of Goulart rather than as a defender of the parliamentary system to which he owes his post.

On 7 August [redacted] leaders of the two largest parties in congress have agreed firmly to reject granting the cabinet "any but absolutely necessary powers" and not to countenance an early plebiscite. However, [redacted] the congressional leaders may be overestimating their ability to withstand Goulart's maneuvers.

Certain armed forces leaders, several governors including anti-Communist Carlos Lacerda of Guanabara, and probably a majority of the congress

remain strongly opposed to Goulart. While some of these leaders are reported to have been discussing a possible ouster of Goulart, they apparently do not have a coordinated revolutionary plan.

Food shortages and serious inflation are causing considerable public dissatisfaction, and there is a growing tendency to blame the country's economic problems on the weaknesses of the parliamentary system of government. Shortages of prime staples have occurred in major cities throughout the country but have been particularly acute in Rio de Janeiro, capital of Guanabara State, [redacted]

[redacted] the federal government may have deliberately fostered the shortage there because of its hostility to Guanabara Governor Lacerda. A deterioration of the free exchange rate for the cruzeiro by some 20 percent in recent weeks probably reflects not only a continuing rise in the cost of living--which went up 18 percent in the first six months of the year--but also a certain amount of capital flight. [redacted]