

BRAZIL - 1941

Top ↑

3201

December 18, 1941

The President

The White House

Washington, D. C.

My dear Mr. President:

The attached is taken from a report
from a very reliable source of ours in Brazil,
giving general impressions of the present
situation there.

Respectfully,

William J. Donovan

M:CC

13 May 71 2234
original letter to Lati
enough request

The Lati line continues to be a leak in the blockade with political as well as economic implications. Rare metals and strategic items are being flown to Brazil from Chile, marked "silver" and are shipped from Brazil to Europe via Lati. The Brazilian authorities with whom the matter has been discussed take the position that they cannot interfere with transshipments from a friendly country or go behind the description of contents contained in the official shipping documents.

There was considerable comment in Brazilian official circles shortly before I left, about the coolness with which Aranha's pro-democratic speeches had been received in Chile. This comment was enlarged upon by anti-American elements to support their contention that Brazil should not identify itself with the United States.

On October 19 there was a reunion of former

Integralista leaders in the office of Dr. J. Loureiro in Rio de Janeiro. Dr. Loureiro is the son-in-law of Plinio Salgado, former Integralista chief, now in exile in Portugal. Several City administrators attended. The main discussion concerned the reorganization of Integralista "combat units" in order to determine which members of the former Integralistas could be relied upon for action once more in the future. A police "delegado" has said that the most reliable among the Integralista leaders in the interior of Brazil have been instructed cautiously to reorganize their units and verify their strength.

At this meeting there was read a letter and manifesto from Dr. Salgado. The gist of the letter and manifesto were that the Integralistas should lend their support to the present regime in Brazil. While admitting that the government had in the past fought and oppressed the Integralista

movement, Dr. Salgado contended that the present policy of the Brazilian government was in harmony with Integralista ideals, and was in many respects pursuing the Integralista program. Dr. Salgado urged the members not to be swerved from this main issue by opposition elements of the Integralista party. This was presumably a reference to Dr. Belmire Valverde and his followers, who have refused to cooperate with Vargas because of the police repression of their activities and members.. The manifesto of Dr. Salgado called for the submersion of personal issues in the major task of strengthening the Estado Novo, which, he said, was most important at precisely this time when Europe is being reshaped into a "new order" because it is most necessary that Brazil be in position to participate in the benefits of that order. The manifesto praised several parts of Brazil's new constitution which, it said, put Brazil in better case to defend

its sovereignty against threats stemming from abroad.

(Contextual implication -- the USA) The general tone of the manifesto and letter was sympathetic to the Hitler concept of European and world reorganization.

The peroration of Dr. Salgado's communications appealed to the members of the Integralista party to make new efforts and sacrifices in the reorganization of their activities which the present moment made necessary, to accept loyally the leaders whom he was appointing, and to manifest a spirit of unity and cooperation in Integralista ranks which was demanded at the present time when Europe was being reorganized.

The police were aware of this meeting, though it is not clearly established whether they had advance notice or learned of it immediately after it had taken place.

During the month of November, Raimundo Padhila

spent considerable time in Sao Paulo and established contact there with former members of the Integralista party. Also active in Sao Paulo during the month was an unnamed representative of the Rio police chief, Felinto Muller (an outspoken pro-Nazi), whose function seemed to be to establish social contacts (night clubs, parties, etc.) with as many military officers in the region as possible for the purpose of determining their political views.

These renewed Integralista activities coincide, at least in time, with the arrival in Brazil, specifically in Sao Paulo, of a German officer, recently on the Russian front, who has already visited Chile and Argentina. He is traveling on a diplomatic passport under the name of Albach.

The army commander at Natal, who is known to be pro-Nazi, in a recent address, cautioned his troops to be on

the alert and to "look upon our flag -- our forces will never permit any other to wave higher than ours." At about the same time, the Ministry of War issued a circular to unit commanders warning against the infiltration of Communist and Liberal elements in their ranks. In a manifesto issued to the army on November 27, the anniversary of the 1935 uprising in Rio, the Minister of War, Eurico Dutra, also generally accepted as a Nazi sympathizer, used the phrase Deus, Patria, Familia -- word for word the Integralista slogan.

In Sao Paulo, Nazi groups meet regularly at the German Hospital with the active participation of Herbert Sachs, Trans-ocean director.

It is naturally difficult to obtain a clear cut understanding of the political situation in Brazil with respect to its orientation vis-a-vis the United States and Germany.

It seems a well-established fact that there has been in the last year or eighteen months a considerable decline in overt German propaganda activity. The publication of the two-volume report of the police investigation of Nazi activities in the southern states of Brazil, the intensification of nationalistic propaganda and activity on the part of the Brazilian government, the prohibition of foreign language schools and newspapers, the recent pro-Pan-American speeches of Brazilian officials, including some who had until recently been identified with the Axis cause, all point toward a recognition by the Brazilian government of the threat which German activity represents to Brazilian national integrity and account for the marked diminution in German activities. Nevertheless there are many indications which suggest that it is much too sanguine to assume, as there is a tendency to do in some foreign circles in Brazil, that: (a) the Brazilian

government has the internal situation well in hand and that German activity is no longer a real threat; (b) the Brazilian government is now committed to sympathy with and ultimate assistance to the American cause.

Despite the recent public pronouncements in favor of inter-American cooperation made by eminent governmental officials in Brazil, the prevailing atmosphere is one which prevents them from being taken at their face value in Brazilian circles. Critics and opponents of the Vargas regime interpret them as part of a considered scheme to lull American suspicions and relieve American pressure for more practical evidences of cooperation. Persons more friendly to the regime explain the inconsistency between these public statements and the continuance in office of such men as Eurico Dutra, Felinto Muller, Ernani Reis and Goies Monteiro by saying that these men are being kept on as insurance just in case Germany

BRAZIL

586

COORDINATOR OF INFORMATION

To: Colonel Donovan

OFFICE MEMORANDUM

DATE: 11/14/41

FROM: Captain Roosevelt

SUBJECT:

You might be interested in the last paragraph of the
attached.

We have received the following information and suggestion from Brazil:

"Continual and repeated emphasis is necessary on the fact that certain key officials in Brazil are all well-known as pro-Nazis.

"They are the head of the Brazilian police, Felinto Muller; the head of the D.I.P. (propaganda), Lorival Fontes; the minister of war, Gaspar D'Utra; and the head of the police in Sao Paulo, Acacio Nogueira (Fascist).

"These people are evidently doing their best to keep the Italian air-line, LATI, operating in Brazil."

In connection with that, there is an interesting note in the summary of "Monitoring of European Stations for the 24 hours up to 1 a.m. Nov. 10th" the 8th paragraph.

"Brussels, broadcasting in Flemish for Belgium, said that Donovan's representatives in Buenos Aires have managed to establish a special department in the Argentine police to keep a watch on the movement of foreigners and to report to the United States secret service."

Use of the material from Brazil, indicating German control of key police authorities in Brazil would be a slap back at the Germans who allege American collaboration with the Argentine police.

*Percept
+ Reports
+ Inter-Union*
September 22, 1941

Dr. C. B. Spaeth, Assistant Coordinator
Office for Inter-American Affairs
Commerce Building
Washington, D. C.

Dear Dr. Spaeth:

I am sending you herewith a recent report
concerning popular unrest in Brazil which I thought
you might like to have.

Sincerely,

William J. Donovan

Attachment:
9/15 Popular Unrest in Brazil.

Brazil ✓
+ Reports
+ War

September 22, 1941

Brigadier General Sherman Miles
War Department
Washington, D. C.

My dear General Miles:

I am sending you herewith a recent report
concerning popular unrest in Brazil which I thought
you might like to have.

Sincerely,

William J. Donovan

Attachment:
9/15 Popular Unrest in Brazil.

*Brazil
+ Navy
+ Reports*

September 22, 1941

Captain Alan G. Kirk
Office of Naval Operations
Navy Department
Washington, D. C.

My dear Captain Kirk:

I am sending you herewith a recent report
concerning popular unrest in Brazil which I thought
you might like to have.

Sincerely,

William J. Donovan

Attachment:
9/15 Popular Unrest in Brazil.

September 15th, 1941.

POPULAR UNREST IN BRAZIL.

On August 30th there were popular demonstrations in Blumenau, Florianopolis and Joinville, owing to a prohibition of the showing of certain Ufa films. The manifestations in the streets were such that the State Governor considered that it was no longer safe to rely on the police to deal with them, and certain troops were called out. A certain number of the soldiers refused to obey orders and for a time the situation caused anxiety and the Governor ordered that telegraphic offices were to remain open all night in case assistance was required from outside. The situation, however, did not get out of hand and by September 1st everything was again normal.

The refusal of soldiers to obey orders is not taken very seriously, but certain changes in the location of troops are being made. It is not considered that this has any special political significance but was merely a spontaneous outburst in a district that is almost entirely German and where any action contrary to German feelings is resented.

*copy
give
to
Parker*

COUNCIL OF NATIONAL DEFENSE
COORDINATOR OF COMMERCIAL AND CULTURAL RELATIONS
BETWEEN THE AMERICAN REPUBLICS

COMMERCE DEPARTMENT BUILDING
WASHINGTON, D. C.

August 11, 1941

*Approved
& letter sent
11/11/41
+ 1/1/42*

Dear Colonel Donovan:

I enclose herewith a special report which we have received from Brazil. I thought the references to the location of the Japanese groups would be of particular interest to you at the present time.

Sincerely yours,

Carl B. Spaeth

CARL B. SPAETH
Assistant Coordinator

Colonel William J. Donovan,
Room 158,
Federal Trade Commission,
Washington, D. C.

Enclosure

CONFIDENTIAL REPORTS FROM BRAZIL - NO. 19**Rio de Janeiro - July 30, 1941**

Of potential importance is the visit of President Vargas to Paraguay and Bolivia. The announced purpose of the trip is to return the official visit made recently to Brazil by Paraguayan representatives, the President first having in mind to visit only Paraguay. Later it was decided that as he was so near the Bolivian capital - his itinerary taking him to the frontier of Mato Grosso with Bolivia - he might well include La Paz in his route. Some interpret the visit as a slap to Argentina for its lukewarm attitude in the program of continental defense. This is a bit far-fetched, but it is nevertheless the opinion of some. It is also said that Argentina is piqued at the arrangement under the terms of which Santos is a free port for Paraguayan products. The whole question really goes back to the first International American Convention in 1890 when the project of a railroad to connect the River Paraguay with Santa Cruz de la Sierra was proposed. However, nothing was done. In 1903 when the Treaty of Petropolis was signed giving the Acre Territory to Brazil against an indemnization to Bolivia of \$1,000,000, it was stipulated that this sum should be devoted to the construction of a railroad connecting Corumbá in the Brazilian state of Mato Grosso with Santa Cruz in Bolivia. As a matter of fact the Petropolis treaty did not specify any particular route and in view of the then great importance of rubber it was agreed that the so-called Madeira-Marmore R.R. be constructed. This, however, lagged. In 1935 another treaty was concluded, this definitely specifying the construction of the Corumbá-Santa Cruz line. It was agreed that if the construction cost more than \$1,000,000, the additional disbursement would be considered a loan by Brazil to be repaid in money or crude petroleum. Brazil was given the right to explore the Bolivian oil fields, the oil to be used to meet the needs of the two countries and the surplus, if any, to be available for export. The railroad, of which about 100 kilometers are practically finished, will be 600 kilometers in length and the work was intended to be concluded by the end of 1942. War conditions and the resulting difficulty of obtaining material may delay the completion. As a part of the general plan, and in order to encourage the diversion of Bolivian products to Santos, this port was made a free port for that country's products and this privilege was also extended to Paraguay. When the road is in operation it is assumed that the two countries will take advantage of the new arrangement which will mean a great reduction in the traffic that now passes Buenos Aires. All these points will be discussed by President Vargas during his present trip. There really is therefore considerable at stake in the President's visit.

With all the discussion concerning Western Hemisphere defense plans it might not be amiss to take a look at the distribution of some of the foreign races in South America. The Japanese, for instance. In the State of São Paulo there are 175,000 Japanese; in

- 2 -

#

Elite Groups 20,000; in Bolivia another 20,000; Peru has 40,000, and there are between 20,000 and 25,000 in the Amazon valley; and lastly, 20,000 of them have settled in the state of Guad. Now if we study these figures with the aid of a map we see that these groups of settlers from the Land of the Rising Sun are very strategically placed - so much so that it is open to question whether they just happened to drop down in these particular points. They form a solid ring around the western and northern borders of Brazil - a threatening yellow crescent with its uttermost point curled around the eastern tip of Brazil - and the groups in the north are within striking distance of the Panama Canal. Some claim that land-clearing fields, in the guise of carefully cultivated areas, dot the various sections but this is without any confirmation. In case of trouble they could certainly create difficulties, not only for Brazil but for the adjoining nations such as Bolivia, Peru, Ecuador, Colombia and Venezuela. Even if they were unable to mobilize - and there are at least 150,000 potential fighters - they could stir up a lot of internal disturbances in the various areas. The figures mentioned above are from official sources, but in fact the numbers are much greater. General, for example, is credited with 20,000 to 25,000 Japanese, but Major Mitchell, the former American Military Attaché at Rio de Janeiro, thought that the actual number was between 40,000 and 60,000. And this difference exists in the other localities as well.

Japanese immigration started in São Paulo somewhere about 1910 - perhaps a bit earlier - when an agreement was made to bring in 1,500 Japanese per month to work on the coffee fazendas. Later this was increased to 2,500 per month and continued officially at that rate for many years until Dr. Miguel Couto, a member of the then cabinet of Congress in 1930, put through the 15th limitation on immigration of all kinds. But there was and probably still is a heavy illegal infiltration into Brazil, especially in the Amazon valley, via Peru. At one time the Amazonas State Government made a contract with a Japanese company for a concession of 1,000,000 hectares of land (about 2,500,000 acres) for colonization purposes. Fortunately the Federal Senate in 1928 refused to approve the contract and the scheme fell through so far as the land grant went, but the individual Japanese are still on the scene.

The Japanese are admittedly good workers, particularly along agricultural lines, but there have been constant conflicts between them and the authorities of São Paulo and Minas Geraes regarding the matter of schools. The Japanese have insisted on maintaining such institutions in their own languages and with books and teachers from Japan and though the schools have been closed by the police the work has been carried on clandestinely, sometimes even in basements with secret free schools. They are insidious troublemakers and are not as well popular in Brazil. But they are here and their numbers are still increasing.

- 3 -

On July 27 General Pedro A. Siles Monteiro, Chief of Staff of the Brazilian Army, returned to Rio de Janeiro from Buenos Aires where he had attended the Independence Day exercises of that country. On his return the General came as far as Santos by steamer but changed to a train and finished his journey via São Paulo. It was rumored that this change was made in order to avoid a cold or even antagonistic welcome at the docks in Rio de Janeiro. The General had been boozed in Montevideo and there was a possibility that some of the Caristas might manifest their displeasure at his supposed German leanings. The Chief of Staff has of course repeatedly stated in recent weeks that he is not pro-Nazi but many perhaps think that this is merely lip service. Very likely he is an opportunist and would be found on the popular side in case of trouble.

Some Brazilian army officers claim that trouble is brewing and that Minister Dutra is placing pro-Nazi officers in key positions. They cite Lt. Col. Affonso de Carvalho, commander of the Santa Cruz Fort, Capt. Matayr de Mello, commander of the Imbuhy Fort and Lt. Col. Alves Bastos, commander of the Copacabana Fort—insisting that they are pro-Nazi and perhaps anti-Fargas but there really is no proof that either of these two charges is correct. The incident is mentioned merely to show that there is a feeling that strong pro-Nazi elements are to be found in the Army. Personally we believe that these reports are much exaggerated.

The Gender Aviation Co. recently petitioned the government for permission to take aerial photographs along certain routes in São Paulo, but the request was denied on the ground that while the company was a Brazilian one by so far as legal organization was concerned, it did contain alien elements. Some time ago the I.A.T.I. (the Italian Airlines) had asked the government for full plans of all the landing fields, but this was not granted. The I.A.T.I. had likewise requested permission to station a ship along its transatlantic route somewhere in the neighborhood of Fernando de Noronha, but this also was not allowed. These requests were all so obvious that one wonders why they were made in the first place.

A memorandum has been signed between the Portuguese and Brazilian authorities providing for two commissions who will take up certain questions regarding cultural and economic relations. The commissions will begin work on November 15 of this year and are to report by January 31, 1947. The commissions will have will have three purposes: (1) conclusion of certain facilities to improve navigation between the two countries; (2) making a postal accord similar to the present Pan American Postal Union; and (3) the establishment of a joint port at Lisbon for Brazilian merchandise.

Captain Oscar Passos has been named Federal Intervenor for the Territory of Acre in place of Mr. Epaminondas Martins who resigned.

According to official figures the current Brazilian cotton crop is estimated at 323,177 tons with São Paulo credited with 390,000 tons of the total.

Alarm has been expressed at the possibility of Brazil's being cut off from South Africa if the Japanese ships are withdrawn from the South American run as has been announced. One Japanese shipping concern, the O.S.K. (Osaka Shosen Kaisha) however, has given out a statement that it plans to continue the South American service. South Africa is important to Brazil since it buys considerable quantities of wood, mostly for making packing boxes, and a fair amount of coffee. Of late Brazilian manufacturers have succeeded in getting into the South African market and they are hopeful of building up a large volume ultimately.

On July 23 a luncheon was tendered by the Minister of Education and the Departamento de Imprensa and Propaganda to the Brazilian muralist, Candido Portinari, who is soon to return to the United States to complete a number of contracts for murals. Among the Americans present at the luncheon were Ambassador Caffery and several secretaries from the Embassy, Mr. Bernard Friess and Mr. Frank M. Garcia.

At the meeting of the Conselho Consultivo of the Instituto Brasil-Estados Unidos on July 23, definite plans were discussed for the taking of better and larger quarters and for certain other betterments that will enable the organization to carry out its work on a larger scale. It was suggested that American teachers of English be detached from the States to have charge of the classes in English. There is a great demand on the part of Brazilians for opportunities to learn English, but they want to learn from Americans and not from the English. It is likely too that classes will be started in English for the study of Brazilian literature and history. This is important, for Americans as a rule find it difficult to get information on these two subjects.

*South Amer
X Brazil ✓
X Papeter*

August 23, 1941

MEMORANDUM

TO: Dr. James Baxter
FROM: William J. Donovan

Here are certain confidential reports
that you might want examined by your South Ameri-
can group.

W.J.D.

Attachments: Confidential Reports from Brazil
No. 19 - Rio de Janeiro - 7/30/41

Brazil

7 30 41

CONFIDENTIAL MEMORANDUM FROM BRAZIL - No. 19**Rio de Janeiro - July 30, 1961**

Of potential importance is the visit of President Vargas to Paraguay and Bolivia. The announced purpose of the trip is to return the official visit made recently to Brazil by Paraguayan representatives, the President first having in mind to visit only Paraguay. Later it was decided that as he was so near the Bolivian capital—his itinerary taking him to the frontier of Mato Grosso with Bolivia—he might well include La Paz in his route. Some interpret the visit as a slap to Argentina for its lukewarm attitude in the program of continental defense. This is a bit far-fetched, but it is nevertheless the opinion of some. It is also said that Argentina is piqued at the arrangement under the terms of which Santos is a free port for Paraguayan products. The whole question really goes back to the first International American Convention in 1890 when the project of a railroad to connect the River Paraguay with Santa Cruz de la Sierra was proposed. However, nothing was done. In 1903 when the Treaty of Petropolis was signed giving the Acre Territory to Brazil against an indemnization to Bolivia of \$1,000,000, it was stipulated that this sum should be devoted to the construction of a railroad connecting Corumba in the Brazilian state of Mato Grosso with Santa Cruz in Bolivia. As a matter of fact the Petropolis treaty did not specify any particular route and in view of the then great importance of rubber it was agreed that the so-called Madeira-Marmore R. R. be constructed. This however, lagged. In 1911 another treaty was concluded, this definitely specifying the construction of the Corumba-Santa

- 2 -

Crus line. It was agreed that if the construction cost more than 11,000,000, the additional disbursement would be considered a loan by Brazil to be repaid in money or crude petroleum. Brazil was given the right to explore the Bolivian oil fields, the oil to be used to meet the needs of the two countries and the surplus, if any, to be available for export. The railroad, of which about 100 kilometers are practically finished, will be 680 kilometers in length and the work was intended to be concluded by the end of 1942. War conditions and the resulting difficulty of obtaining material may delay the completion. As a part of the general plan, and in order to encourage the diversion of Bolivian products to Santos, this port was made a free port for that country's products and this privilege was also extended to Paraguay. When the road is in operation it is assumed that the two countries will take advantage of the new arrangement which will mean a great reduction in the traffic that now passes Buenos Aires. All these points will be discussed by President Vargas during his present trip. There really is therefore considerable at stake in the President's visit.

With all the discussion concerning Western Hemisphere defense plans it might not be amiss to take a look at the distribution of some of the foreign races in South America. The Japanese, for instance. In the State of Sao Paulo there are 175,000 Japanese; in Mato Grosso 20,000; in Bolivia another 20,000; Peru has 40,000, and there are between 25,000 and 35,000 in the Amazon valley; and lastly, 20,000 of them have settled in the state of Ceara. Now if we study these figures with the aid of a map we find that these groups of settlers from the Land of the Rising Sun are very strategically placed--so much so that it is

- 3 -

open to question whether they just happened to drop down in these particular points. They form a solid ring around the western and northern borders of Brazil--a threatening yellow crescent with its uppermost point curled around the eastern tip of Brazil--and the groups in the north are within striking distance of the Panama Canal. Some claim that landing fields, in the guise of carefully cultivated areas, dot the various sections but this is without any confirmation. In case of trouble they could certainly create difficulties, not only for Brazil but for the adjoining nations such as Bolivia, Peru, Ecuador, Colombia and Venezuela. Even if they were unable to mobilize--and there are at least 150,000 potential fighters--they could stir up a lot of internal disturbances in the various areas. The figures mentioned above are from official sources, but in fact the numbers are much greater. Ceara, for example, is credited with 20,000 to 25,000 Japanese, but Major Mitchell, the former American Military Attache at Rio de Janeiro, thought that the actual number was between 40,000 and 60,000. And this difference exists in the other localities as well.

Japanese immigration started in Sao Paulo somewhere about 1910--perhaps a bit earlier--when an agreement was made to bring in 1,000 Japanese per month to work on the coffee fazendas. Later this was increased to 2,500 per month and continued officially at that rate for many years until Mr. Miguel Couto, a member of the then existent Congress in 1935, put through the 2% limitation on immigration of all kinds. But there was and probably still is a heavy illegal infiltration into Brazil, especially in the Amazon valley, via Peru. At one time

- 4 -

The Amazon's State Government made a contract with a Japanese company for a concession of 1,000,000 hectares of land (about 2,500,000 acres) for colonization purposes. Fortunately the Federal Senate in 1936 refused to approve the contract and the scheme fell through so far as the land grant went, but the individual Japanese are still on the scene.

The Japanese are admittedly good workers, particularly along agricultural lines, but there have been constant conflicts between them and the authorities of Sao Paulo and Minas Geraes regarding the matter of schools. The Japanese have insisted on maintaining such institutions in their own languages and with books and teachers from Japan and though the schools have been closed by the police the work has been carried on clandestinely, sometimes even in basements with secret trap doors. They are incipient troublemakers and are not at all popular in Brazil. But they are here and their numbers are not decreasing.

On July 27 General Pedro A. Góes Monteiro, Chief of Staff of the Brazilian Army, returned to Rio de Janeiro from Buenos Aires where he had attended the Independence Day exercises of that country. On his return the General came as far as Santos by steamer but changed to a train and finished his journey via Sao Paulo. It was rumored that this change was made in order to avoid a cold or even antagonistic welcome at the docks in Rio de Janeiro. The General had been booed in Montevideo and there was a possibility that some of the Caristas might manifest their displeasure at his supposed German leanings. The Chief of Staff has of course repeatedly stated in recent weeks that he is not

- 5 -

pre-Nazi but many perhaps think that this is merely lip service. Very likely he is an opportunist and would be found on the popular side in case of trouble.

Some Brazilian army officers claim that trouble is brewing and that Minister Dutra is placing pro-Nazi officers in key positions. They cite Lt. Col. Affonso de Carvalho, commander of the Santa Cruz Fort, Capt. Macayr de Mello, commander of the Imbuhy Fort and Lt. Col. Alves Bastos, commander of the Copacabana Fort—insisting that they are pro-Nazi and perhaps anti-Vargas but there really is no proof that either of these two charges is correct. The incident is mentioned merely to show that there is a feeling that strong pro-Nazi elements are to be found in the Army. Personally we believe that these reports are much exaggerated.

The Condor Aviation Co. recently petitioned the government for permission to take aerial photographs along certain routes in São Paulo, but this request was denied on the ground that while the company was a Brazilian one by so far as legal organization was concerned, it did contain alien elements. Some time ago the L.A.T.I. (the Italian airline) had asked the government for full plans of all the landing fields, but this was not granted. The L.A.T.I. had likewise requested permission to station a ship along its transatlantic route somewhere allowed. These requests were all so obvious that one wonders why they were made in the first place.

A memorandum has been signed between the Portuguese and Brazilian authorities providing for two commissions who will take up certain questions regarding cultural and economic relations. The com-

- 6 -

missions will have will have three problems: (1) concession of certain facilities to improve navigation between the two countries (2) making a postal accord similar to the present Pan American Postal Union, and (3) the establishment of a free port at Lisbon for Brazilian merchandise.

Captain Oscar Passos has been named Federal Intervenor for the Territory of Azore in place of Mr. Epaminondas Martins who resigned.

According to official figures the current Brazilian cotton crop is estimated at 523,177 tons with São Paulo credited with 390,000 tons of the total.

Alarm has been expressed at the possibility of Brazil's being cut off from South Africa if the Japanese ships are withdrawn from the South American run as has been announced. One Japanese shipping concern, the O.S.L. (Osaka Steam Navigation) however, has given out a statement that it plans to continue the South American service. South Africa is important to Brazil since it buys considerable quantities of wood, mostly for making packing boxes, and a fair amount of coffee. Of late, Brazilian manufacturers have succeeded in getting into the South African market and they are hopeful of building up a large volume ultimately.

On July 25 a luncheon was tendered by the Minister of Education and the Departamento de Imprensa and Propaganda to the Brazilian journalist, Candido Ferreira, who is soon to return to the United States to complete a number of contracts for manuals. Among the Americans present at the luncheon were Ambassador Jeffery and several secretaries from the Embassy, Mr. Norant Fricke and Mr. Frank M. Garcia.

At the meeting of the Conselho Consultivo of the Institute Brasil-Canadá held on July 29, definite plans were discussed for the building of better and larger quarters and for certain other betterments

- 7 -

that will enable the organization to carry out its work on a larger scale. It was suggested that American teachers of English be obtained from the States to have charge of the classes in English. There is a great demand on the part of Brazilians for opportunities to learn English, but they want to learn from Americans and not from the English. It is likely too that classes will be started in English for the study of Brazilian literature and history. This is important, for Americans as a rule find it difficult to get information on these two subjects.

Brazil
xMonteiro

July

COORDINATOR OF INFORMATION

270 MADISON AVENUE
NEW YORK

Confidential

Sept. 16.

Memo from D. Aikman

For James Warburg etc.

Re Augusto Rego Monteiro, *Rio de Janeiro*

Bill
This man is mentioned in an internal letter as an important figure.

This informant comes from John Clark of the Inter-American Affairs Coordinator's office by phone. Clark knows ~~Makikixax~~ Rego Monteiro fairly well.

Rego Monteiro ~~ix~~ has the title of ^{National} Director of Labor in the office of the Department of Labor at Rio. As such, he is a kind of official contact man for the Dept. with such of the Brazilian Syndicates as survive under the Vargas regime. He rates about with a ~~Furth~~-Assistant Secretary of Labor in this country if there were any.

He is an ambitious young political opportunist from one of the Northern States ~~which~~ which are politically impotent a good ~~ix~~ deal in the way some of our own states are. He lacks family, money and ~~political~~ strong political connections to push him forward, so is inclined to gamble on ~~thexx~~ ~~allkaxkaxkaxkax~~ intrigues with politically "out" forces like the pro-Nazis to give him a leg up.

The few surviving strong unions, like the Maritime Workers, play ball with him officially but dislike and distrust him.

Clark suspects him of playing with his former chief, Minister of Labor Falcao who was dropped from the government last year; also with Felinto Mueller, chief of the national (secret) police, who is a chronic meddler in political intrigues and as much of a Maxophile as he can get away with.

Rego Monteiro attended the 2nd International Labor Conference at Havana in November, 1939, and as Brazilian representative headed the Social Insurance Committee, but made no speech. Clark in a day or two will furnish a dossier on his public statements there. He also played host to an I. L. O. visitation to Brazil in 1940.

Clark thinks he plays a moderate pro-Nazi game on the theory that any disaffection in Brazilian politics may be good for his career...More later.