

~~CONFIDENTIAL~~

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COUNTRY: Brazil

SECURITY INFORMATION

(140/38)

31 Aug 53

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SUBJECT: Restlessness over Economic Affairs

F-17855

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PLACE ACQUIRED:

DATE ACQUIRED :

DATE OF INFO : Aug 53

SOURCE:

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1. Brazil's people, laborers and management, are increasingly conscious of the continual inflation and pyramiding debt. The intelligent ones are learning that Brazil is not producing enough to pay for the present standard of living. At the same time, I am always amazed at the number of intelligent people, usually professional men, who think the only cure is more U.S. aid, which they think the U.S. owes Brazil. Business men who must be more familiar with economic affairs do not generally voice this thought.
2. These latter people recognize the fact that reduction of imports by development of natural resources, especially oil, is the only cure and will support any move to permit foreign capital to do it. Among them there was considerable optimism over the prospects of enactment of sensible legislation by early 1954 that would provide an attractive basis for foreign capital to enter the field.
3. But everyone is unhappy over the failure of the present regime to take any action. The thought was often expressed that Vargas was ill, that he was physically exhausted, that he was no longer a have-not and had lost interest in promoting the country's welfare. A frequent comment was that they needed a dictator. Such a situation gives rise to many rumors, one being that Vargas, himself, was promoting a military coup.

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rubber factory (source)

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