

Memorandum to Dr. Kissinger

From: V.A. Walters

Subject: BRAZIL

1. Brazil with its 90 million people has a population almost equivalent to that of France and Italy combined. It occupies half the land mass of South America and contains half its population. Every year there is born in Brazil the equivalent of the population of Bolivia, every three years the equivalent of Chile and every seven years the equivalent of Argentina. Lumping it with the "other countries" of South America is a mistake.

Brazil is different from all other South American Countries in that it has a Portuguese ethnic background. All of Portuguese America is enclosed in its boundaries. It has no territorial claims or quarrels with its smaller neighbors. Brazilians are not violent. The last execution by process of law took place in 1856. There have only been two successful revolutions in Brazil this century. Vargas in 1930 and Castello Branco in 1964. It is different in that it has always considered that it had a responsibility in international affairs. It sent a naval squadron to take part in WW I. An Expeditionary Force of 28,000 men which fought in Italy and sustained 2500 casualties. Its navy fought at sea and a fighter squadron fought in Italy. These were the only Latin American troops to see combat in WW II. Brazil had 5000 dead through torpedoings. Under the post 1964 government Brazil responded immediately to the US request for troops for the Dominican Republic. 1800 soldiers and marines served there. The government had obtained authority from Congress to send 12,000 men if we wanted that many. They were supplied by the Brazilian Navy and airforce who also brought them home. Brazil kept a battalion at Gaza for 11 years, she also sent aircraft to the Congo and Cyprus and observers to the Indo-Pakistani border. Brazil is different by all of these things but also and most of all by her future potential. Already Brazil builds 200,000 automobiles a year, she makes television sets, hydroelectric generators. Alone of all the countries in South America she has the potential to become a great power. She has the space, the geographic location and the resources and population to lead the area.

2. In 1964 a hostile government was replaced by a friendly and cooperative one supported by the military but in which military ministers were a minority. The opposition soon discovered that the government was not repressive and after the 1966 election and the return to constitutional government sought to provoke the government into extra constitutional action. This month they succeeded and the government recessed congress and instituted censorship which has already, I believe, been lifted. The groups which oppose the present government are largely hostile to the United States. They warn us continuously that we will be identified in the peoples mind with the present "military government". This is standard practice in most countries where the government is receiving US aid. The opposition always tells us this. Of the three major leaders of the opposition Goulart and Lacerda are bitterly hostile to the US. Kubitschek is not. The Far left groups of course are. Brazilians are universally convinced that Brazil will be a great power, they are nationalistic and touchy about any interference in their internal affairs. (this is not an exclusively Brazilian characteristic.). There is no harsh repression in Brazil and the President has stated that he neither desires nor will he tolerate a dictatorship. I know of no Brazilian Army officer who believes that the Army can or should govern Brazil. They do feel that the Armed Forces are the only group in the community which thinks of the nation first, aside from all regional interests. A Captain incidentally earns about \$300 a month

3. I believe that there are three possible alternatives to the present government in Brazil.

- a) A Communist Castroite takeover led by the Communist Parties (there are two) and such people as Marcio Moreira Alves whose speech led to the recent crisis. The consequences of this would be enormous.
- b) A government formed by the opposition "Broad Front" which would be as least as hostile towards us as Goularts was prior to 1964. Such a government would by its policies scare off foreign investors thus depriving the capital hungry country of the resources it must have to keep development ahead of population growth.
- c.) A democratic (by US standards) government, friendly to the United States and whose policies would be similar to ours. This is in my opinion an extremely remote possibility for some time to come.

4. What are the options for us

- 1. Cut off aid from the present government and hope for alternative c.)
- 2. Disassociate ourselves from the present government and attempt to win over the groups which are opposed to it. This is what we did in Cuba and the results are well known.
- 3. Continue to give the present government assistance of a developmental nature (building real infrastructure to increase the country's productivity rather than assistentialism, helping out on a day to day basis). We should do all we can to recognize that development must win the race with subversion. We can if we wish discreetly point out to the government the public relations problem that they will have in the U.S. if certain practices which are distasteful to large sectors of our public opinion are continued. If we quarrel with the present government we lose our ability to influence it. This does not of course mean that we give them a blank check. We relate performance to continued assistance.

5. Whether we like it or not it is probable that unless there is a radical takeover that the military in Brazil as in the other countries of South America will play a far larger part in the life of the nation than we would like to see them do. This we cannot change in the near future. As the living standards rise and the institutions become more stable the military will adjust to their role in Brazil as they have in the more developed countries. They are in fact the only group in the country with the strength and organization to combat the subversion that is being attempted on a global scale. We cannot afford to make mistakes in this area.

6. If Brazil were to be lost it would not be another Cuba. It would be another China.