

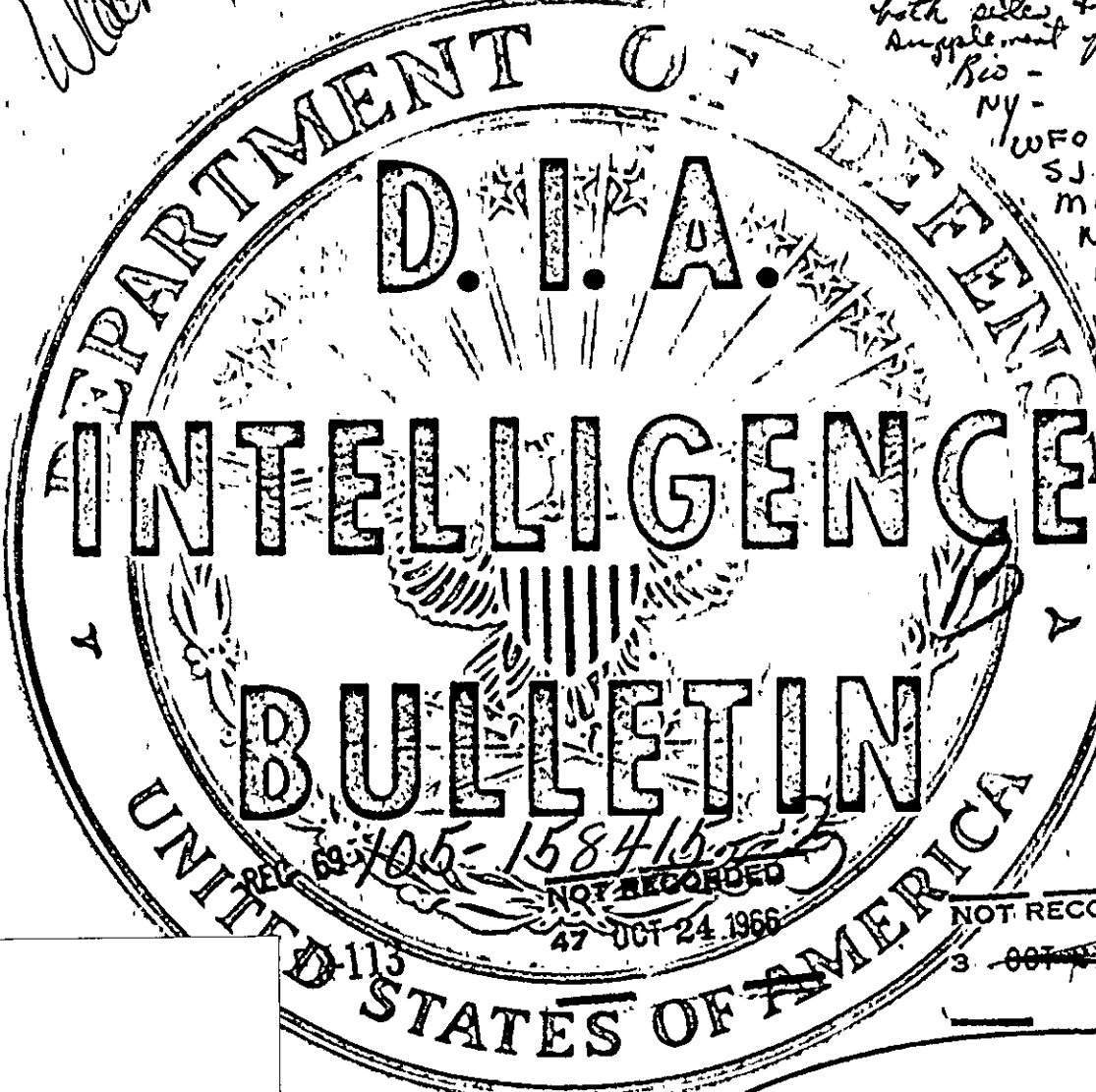
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3 October 1966
DIA Intelligence Bulletin 191-66

Warren
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SUPPLEMENT

MARSHAL (RET) ARTHUR DA COSTA E SILVA

TO BE ELECTED PRESIDENT OF

BRAZIL TODAY

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in 105-158415
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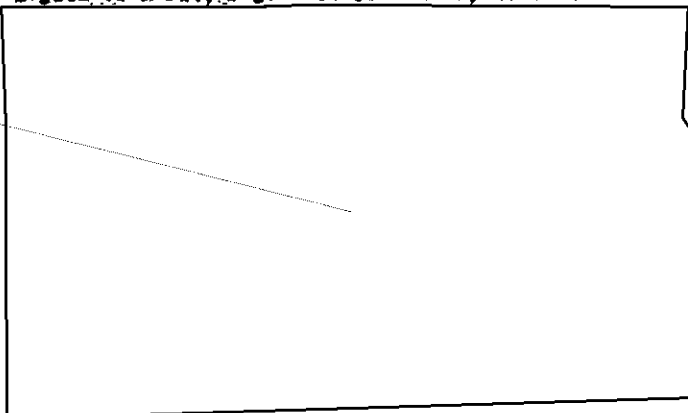
MARSHAL (RET) ARTHUR DA COSTA E SILVA

Marshal Costa e Silva was born 64 years ago today at Taquari, Rio Grande do Sul State. He attended the Porto Alegre military high school from 1912 to 1917, where he placed first in his class, and immediately entered the Military Academy from which he graduated as an infantry officer in 1921. He later won academic distinction while attending the career officers' course and the general staff school -- both administered by the French Military Mission. He also served as an instructor at the Military Academy, the Officers' Advanced School, the Noncommissioned Officers School, the Motormechanization School, and the General Staff School. His wife Yolanda is a charming but ambitious woman.

Costa e Silva's career followed the normal pattern of command and staff assignments. He was Commander of the 9th Infantry Regiment, Chief of Staff and Commander of the 3d Military Region, Commander of the Armored Division, Commander of infantry of the 2d Division, Commander of the 2d Division, Military Attache to Argentina, Commander of the 4th Army, Director of Army Personnel, and Director of the Army Works and Production Department. After the 1964 revolution, he was a member of the Supreme Command of the Revolution and later became President Castello Branco's Minister of War. He retired from active military service on 1 July and was promoted to marshal on that date.

The President-elect has been closely associated with the US since 1943 when, as a lieutenant colonel, he attended the advanced course at the Armored Force School in Fort Knox. He thereafter maintained cordial contacts with members of the US Army Element, Joint Brazil-US Military Commission, and showed himself a firm believer in US military doctrine and materiel. He visited the US as Minister of War from 5 to 20 Apr 65 and was awarded the Legion of Merit, Degree of Commander, at that time. //

(b)(1), 1.4 (c)



MARSHAL (RET) ARTHUR DA COSTA E SILVA
TO BE ELECTED PRESIDENT OF
BRAZIL TODAY

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When Minister of War Gen Arthur da Costa e Silva announced on 4 January that he intended to complete for the presidency in Brazil, he merely confirmed clear indications that he had harbored such aspirations from the time the April 1964 revolution was victorious. In launching his candidacy without the knowledge of President Castello Branco, the War Minister challenged the President's authority to select his own successor and presented him with the alternative of accepting his candidacy or risking a split in the armed forces -- the preponderant factor in governmental stability.

(b)(1), 1.4 (c)

Under the terms of Institutional Act No. 2, election of the President and Vice President is to be by a simple majority vote of both houses, and ARENA holds 256 of 413 seats in the Chamber of Deputies and 44 of the 66 in the Senate. Thus, even though Costa e Silva recently said that "Castello still hasn't swallowed my candidacy," the fact that he is the sole candidate of ARENA and that the opposition MDB has decided to boycott the election, makes it is a foregone conclusion that at today's joint session, the Congress will -- assuming, of course, a quorum is present -- elect the ex-War Minister as Brazil's next chief executive. Both he and his running-mate, ex-Education Minister Pedro Aleixo, would take office on 15 March for a four-year term.

(b)(1), 1.4 (c)

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Costa e Silva believes firmly in adequate housing and abundant food for all Brazilians and is expected to transfer to the presidency the vigor he displayed in these areas as Minister of War. Because of the magnitude of the challenge and the scarcity of money, he will probably rely heavily on the private sector to finance stepped-up food production and housing construction. He will seek loans or grants from foreign private and governmental

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sources and agencies. Moreover, he will expect foreign capital to invest in Brazilian agricultural and housing enterprises.

(b)(1),1.4 (c)

The President-elect has stated that he will not deviate from the anti-inflationary policies of his predecessor and that he will retain the technocrats associated with them. How he will balance his pursuit of solvency with his desire to earn a populist label remains to be seen. A resort to increased government subsidies could bring heavy budgetary deficits and subsequent inflationary pressures. Moreover, his nationalism -- less enlightened than that of Castello Branco -- could lead him to an excessive statism that would drive away the new foreign private investment Brazil needs so urgently.

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(b)(1), 1.4 (c)

Castello Branco's unpopularity makes many Brazilians hopeful of better things under his successor, and Costa e Silva stands to benefit from that state of mind by gaining time in which to produce results. While he has made it clear that he does not promise miracles and won't turn his back on the revolution's major objectives of economic recovery and the weeding-out of the corrupt and subversive, he desperately hopes to identify with the people and to win their support.

(b)(1), 1.4 (c)